

# LETTER OF OFFER

**This Document is important and requires your immediate attention**

This Letter of Offer is being sent to you as an equity shareholder of Larsen & Toubro Limited. If you require any clarifications about the action to be taken, you may consult your stock broker or investment consultant or the Manager to the Offer / Registrar to the Offer. In case you have sold your shares in the Company, please hand over this Letter of Offer and the accompanying Form of Acceptance-cum-Acknowledgement, Form of Withdrawal and Transfer Deed to the purchaser of the shares or the member of stock exchange through whom the sale was effected.

## CASH OFFER (The "Offer") by

### Grasim Industries Limited

Registered Office: Birlagram, Nagda, Madhya Pradesh, India;

Tel: +91 07366 246760 - 66; Fax: + 91 07366 244114 / 246024

along with its wholly owned subsidiary

### Samruddhi Swastik Trading and Investments Limited

Registered Office: Birlagram, Nagda, Madhya Pradesh, India;

Tel: +91 07366 246760 - 66; Fax: + 91 07366 244114 / 246024

**for purchase of up to 50,781,973 fully paid-up Equity Shares  
(representing up to 20% of the Voting Capital as defined herein (20.42% of the subscribed and  
paid-up equity share capital as on date of Public Announcement (the "PA"))**

of

### Larsen & Toubro Limited

Registered office: L&T House, Ballard Estate, Mumbai 400 001;

Tel: +91 22 2268 5656; Fax: + 91 22 2268 5858 / 2268 5893

### at Rs. 190/- per Equity Share (the "Offer Price")

The Offer is being made by Grasim Industries Limited along with its wholly owned subsidiary Samruddhi Swastik Trading and Investments Limited in compliance and pursuant to Regulation 10 read with Regulation 14(1) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto (the "Regulations") for the purpose of substantial acquisition of shares without change in control. For the purpose of the Offer and in terms of the Regulations, Grasim Industries Limited and Samruddhi Swastik Trading and Investments Limited are the "Acquirer".

The Offer is subject to the approval of the Reserve Bank of India ("RBI") under the Foreign Exchange Management Act, 1999 ("FEMA") for acquiring shares tendered by non-resident shareholders including NRIs, OCBs, FIs and foreign shareholders under this Offer. There are no other statutory approvals envisaged to acquire equity shares that are tendered pursuant to this Offer. In case of non-receipt of any approval within time, Securities and Exchange Board of India ("SEBI") has the power to grant extension of time to Acquirer for payment of consideration to shareholders subject to Acquirer agreeing to pay interest as directed by SEBI.

**Shareholders who have accepted the Offer by tendering the requisite documents, in terms of the Public announcement / Letter of Offer, can withdraw the same upto three working days prior to the date of the closure of the Offer**

Acquirer has the option to revise the Offer Price upward any time up to seven working days prior to the date of the closure of the Offer (i.e. by or before May 27, 2003). In the event of such revision, an announcement to this effect will be made in the newspapers as specified in para 2 of this Letter of Offer and such revised price would be payable by Acquirer for all the shares tendered at any time during the Offer.

**If there is a competitive bid:**

- The public offers under all the subsisting bids shall close on the same date;
- As the Offer Price cannot be revised during seven working days prior to the closing date of the offers/bids, it would, therefore, be in the interest of shareholders to wait till the commencement of that period to know the final offer price of each bid and tender their acceptance accordingly.

A copy of the Public Announcement and the Letter of Offer (including Form of Acceptance-cum-Acknowledgement and Form of Withdrawal) is also available on SEBI's web-site ([www.sebi.gov.in](http://www.sebi.gov.in)).

#### MANAGER TO THE OFFER



**JM Morgan Stanley Private Limited**  
141, Maker Chambers III  
Nariman Point, Mumbai 400 021, India  
Phone : +91 22 5630 3030  
Fax : +91 22 2202 8224  
E-mail : [sachin.wagle@morganstanley.com](mailto:sachin.wagle@morganstanley.com)  
Contact Person : **Sachin Wagle**

#### REGISTRAR TO THE OFFER



**MCS Limited**  
Unit: L&T Open Offer  
Sri Venkatesh Bhavan, Plot No. 27, Road No.11,  
M.I.D.C., Andheri (East), Mumbai – 400 093, India  
Phone: +91 22 2821 5235  
Fax: +91 22 2835 0456  
Email: [mcsnum@vsnl.com](mailto:mcsnum@vsnl.com)  
Contact Person: **Ashok Gupta**

The schedule of activities is as per the following table:

Activity	Dates mentioned in Public Announcement	Revised Dates wherever applicable
Public Announcement (PA) Date / Specified Date	Monday, October 14, 2002	No Change
Last date for a competitive bid	Monday, November 04, 2002	No Change
Date by which Letter of Offer will be dispatched to the shareholders	Monday, November 25, 2002	Friday, May 02, 2003
Offer Opening Date	Monday, December 09, 2002	Wednesday, May 07, 2003
Last date for revising the Offer Price/number of shares	Sunday, December 29, 2002`	Tuesday, May 27, 2003
Last day for shareholders of L&T for withdrawing their acceptance tendered from the Offer	Thursday, January 02, 2003	Monday, June 02, 2003
Offer Closing Date	Tuesday, January 07, 2003	Thursday, June 05, 2003
Date by which the acceptance/ rejection would be communicated/ dispatched and the corresponding payment for the acquired shares be dispatched and/ or the share certificate for the rejected shares will be dispatched/ credited	Thursday, February 06, 2003	Saturday, July 05, 2003

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### ABBREVIATIONS / DEFINITIONS

Acquirer .....	Grasim Industries Limited and Samruddhi Swastik Trading and Investments Limited
BSE .....	The Stock Exchange, Mumbai
Eligible Persons .....	All owners of shares, registered or unregistered of L&T other than Acquirer who own shares at any time prior to the closure of the Offer
ESOP .....	Employee Stock Option
Form of Acceptance .....	Form of Acceptance-cum-Acknowledgement
FY .....	Financial Year ending March 31
Grasim .....	Grasim Industries Limited
L&T or Target Company .....	Larsen & Toubro Limited
Manager/ Manager to the Offer/JMMS .....	JM Morgan Stanley Private Limited
NRI .....	Non-resident Indian
NSE .....	The National Stock Exchange of India Limited
OCB .....	Overseas Corporate Body
Offer .....	Cash offer being made by Acquirer to shareholders of L&T
Offer Price .....	Rs. 190/- per Equity Share of L&T
Public Announcement or PA .....	Announcement of the Offer made by Acquirer on October 14, 2002
RBI .....	Reserve Bank of India
Registrar/ Registrar to the Offer .....	MCS Limited
Samruddhi .....	Samruddhi Swastik Trading and Investments Limited
SEBI .....	Securities and Exchange Board of India
Specified Date <sup>1</sup> .....	October 14, 2002
The Regulations .....	SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto
Voting Capital .....	Potential subscribed and paid up equity capital of L & T as on July 05, 2003, based on the data obtained from L&T, assuming full conversion of Series IV Convertible Debentures (CDs) and issue of equity shares assuming exercise of all options vested/to be vested under ESOP 2000 and ESOP 2002 schemes upto July 05, 2003.

1 *Specified Date is only for the purpose of determining the names of the shareholders as on such date to whom the Letter of Offer would be sent. However all owners (registered or unregistered) of equity shares of Target Company, (except the Acquirer) before the closure of the Offer, are eligible to participate in the Offer.*

#### Currency of Presentation

In this Letter of Offer, all references to "Rs" are to Indian Rupee. All financial data contained in this Letter of Offer has been rounded off to the nearest Million, except stated otherwise. In this Letter of Offer, any discrepancy in any table between the total and sums of the amount listed are due to rounding off.

## 1. DISCLAIMER CLAUSE

IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF DRAFT LETTER OF OFFER WITH SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF L&T TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRER OR L&T OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE ACQUIRER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT ACQUIRER DULY DISCHARGES ITS RESPONSIBILITY ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MERCHANT BANKER, JM MORGAN STANLEY PRIVATE LIMITED, HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED OCTOBER 24, 2002 TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVER) REGULATIONS 1997 AND SUBSEQUENT AMENDMENT(S) THEREOF. THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRER FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER.

Acquirer and the Manager to the Offer accept no responsibility for statements made otherwise than in the Letter of Offer or in the advertisement or any material issued by, or at the instance of Acquirer and the Manager to the Offer, and anyone placing reliance on any other source of information would be doing so at his/her/their own risk.

## 2. (A) DETAILS/BACKGROUND OF THE OFFER

On November 18, 2001, Grasim Industries Limited ("Grasim" or "Purchaser") acquired 25,000,000 Equity Shares, aggregating 10.05% of the paid-up and voting share capital of L&T from Reliance Industries Limited ("Seller" or "Reliance") pursuant to a Share Purchase Agreement (SPA) at a price of Rs. 306.60 per fully paid-up equity share of L&T.

Some of the usual salient features of the SPA are as follows:

- The Seller confirms that upon the sale of the shares as aforesaid, it does not hold either by itself or through its affiliates or associates any shares of L&T or any instrument that would confer or will provide a right to acquire any equity shares or any other instrument that provides or will provide voting rights.
- The Seller undertakes that upon execution of this agreement, the Seller and its subsidiaries, affiliates or associates will not acquire any equity shares of L&T or any other instrument that would confer a right to acquire any equity shares of L&T. The Seller further undertakes not to deal in the equity shares of L&T or any other instrument that provides voting rights. The Seller makes this covenant so as to bind themselves, their affiliates, associates and any person acting at their behest.
- The Seller acknowledges that the obligations as mentioned in the two points above, shall be of an enduring nature and in any event the Seller shall be obliged to comply with the same for a minimum period of 5 years from the date hereof.
- Following the sale of the equity shares as aforesaid the Sellers and/or representatives will in good faith arrange to convene Board meeting(s) of L&T as soon as possible to *inter-alia* transact the following business and support the same :-
  - Informing the Board of Directors of L&T in respect of the shares acquired by the Purchaser from the Seller under the spot delivery contract.
  - Submission of the letter of resignation by its Representatives to the Board of Directors of L&T.

The price of Rs. 306.60 per fully paid-up share was at a premium to the then existing market price (which was around Rs. 208.50 per share on BSE on November 15, 2001). This premium was considered justifiable *inter-alia* taking into account the following:

- The purchase of block equity shares is invariably at a premium to the prevailing market price. In this case, the transaction was for a block purchase of a sizeable equity stake in L&T.
- The sale consideration represented the value for the entire stake of 25,000,000 shares held by Seller, which made Grasim the single largest shareholder in L&T only next to the Financial Institutions. This transaction embodies in it the exit of Seller as shareholder of L&T.
- The share price prevailing on the stock exchanges at that time, given the depressed market conditions, did not reflect the intrinsic value of the businesses of L&T.
- The negotiated price represented the fair value on the basis of sum of the parts valuation of the businesses of L&T.
- L&T is the largest cement producer in India besides having leadership position in knowledge Intensive Businesses.
- L&T is India's premier Infrastructure Company and is poised to grow as Industrial/Infrastructure development accelerates in India.

Subsequently, Grasim and its wholly owned subsidiary, Samruddhi further acquired 11,121,540 Equity shares aggregating 4.48% of the subscribed and fully paid share capital of L&T through open market purchases on the floor of BSE and NSE") at an average price of Rs. 176.75 per equity share.

Accordingly, as on the date of the Public Announcement, 35,997,798 equity shares and 123,742 equity shares of L&T were owned by Grasim and Samruddhi, respectively. Other than the above mentioned shares, Acquirer held no other shares of L&T as on the date of the Public Announcement.

The Board of Grasim has thought fit to augment the shareholding in L&T beyond 15%. Accordingly, Grasim and its wholly owned subsidiary, Samruddhi acting in concert, are hereby making a voluntary open offer ("the Offer") to all the shareholders of L&T (other than Acquirer), to acquire from them up to 50,781,973 fully paid-up equity shares of L&T (representing 20% of the Voting Capital i.e. 20.42% of the subscribed and fully paid-up equity share capital of L&T as on the date of Public Announcement, whereby upto 15% of the total subscribed and fully paid-up equity capital of L&T as on the date of Public Announcement would be acquired by Grasim and upto 5.42% of the subscribed and fully paid-up equity capital of L&T as on the date of Public Announcement would be acquired by Samruddhi), at a price

of Rs. 190/- (Rupees One Hundred Ninety only) per fully paid-up equity share (the "Offer Price") payable in cash, on the terms and subject to the conditions set out elsewhere in this Letter of Offer.

In case there is further increase in the Voting Capital as explained in para 5 of this Letter of Offer then the Acquirer undertakes to increase the Offer Size suitably in compliance with Regulation 21(5) of the Regulations.

The Offer to the shareholders of L&T is being made pursuant to Regulation 10 read with Regulation 14(1) of the Regulations for the purpose of substantial acquisition of shares without change in control.

In case the shares tendered in the Offer by the shareholders of L&T are more than the shares to be acquired under the Offer, the acquisition of shares from each shareholder will be as per the provisions of Regulation 21(6) of the Regulations on a proportional basis, irrespective of whether the shares are held in physical or dematerialised form. The equity shares of L&T are in compulsory dematerialised form and the minimum marketable lot is one equity share.

The Offer is not subject to any minimum level of acceptance and Acquirer will acquire all the fully paid-up equity shares of L&T that are tendered in valid form in terms of this Offer up to a maximum of 50,781,973 equity shares.

The Public Announcement, as per Regulation 15(1) of the Regulations, was made in the following newspapers on October 14, 2002:

<u>Newspaper</u>	<u>Language</u>	<u>Editions</u>
<i>The Financial Express</i>	English	Mumbai, Bangalore, Kolkata, Chandigarh, Kochi <sup>1</sup> , New Delhi, Chennai
<i>Janasatta</i>	Hindi	New Delhi, Kolkata
<i>Loksatta</i>	Marathi	Mumbai

<sup>1</sup> The Public Announcement was published in Kochi edition on October 15, 2002, as there was no edition of *The Financial Express* on October 14, 2002.

Further Public announcements were published by the Acquirer on November 21, 2002, November 29, 2002, November 30, 2002, March 07, 2003 and April 24, 2003. The details of all the public announcements made till date are as follows:

<u>Sr. No.</u>	<u>Date of publication of public announcement</u>	<u>Brief Description</u>
1.	October 14, 2002	Announcement pursuant to Regulation 10 and other provisions of Chapter III of and in compliance with the Regulations.
2.	November 21, 2002	Announcement to apprise the shareholders of L&T about SEBI's letter of November 08, 2002 advising the Acquirer not to proceed with the open offer formalities since SEBI had decided to conduct investigation in terms of Chapter V of the Regulations on alleged violation, if any, with regard to acquisition of 25,000,000 equity shares of L&T, by Grasim in November 2001. The announcement also stated that Acquirer had preferred an appeal to SAT challenging the aforesaid communication of SEBI
3.	November 30, 2002	Announcement to apprise the shareholders of L&T that SAT, vide its order dated November 28, 2002, had declined to grant the interim relief to allow Acquirer to proceed with the offer formalities.
4.	March 07, 2003	Announcement to apprise the shareholders of L&T of the following: <ul style="list-style-type: none"> <li>• Contents of the SEBI's letter No. IES/SR/SS/4297/03 dated February 25, 2003 communicating the findings of the investigation conducted by SEBI</li> <li>• Contents of Grasim's reply to the above</li> <li>• Contents of Grasim's letter dated March 03, 2003 regarding the additional disclosures that Grasim was agreeable to include in the revised Letter of Offer.</li> <li>• Issues/Points on which clarifications was sought by SEBI vide its letter No. TO/AT/4910/03 dated March 5, 2003.</li> </ul>
5.	April 24, 2003	Announcement made to apprise the shareholders of L&T pursuant to directions of SEBI vide its letter No. TO/AT/7745/03 dated April 22, 2003 in the manner required by SEBI, <i>inter-alia</i> , including the following : <ul style="list-style-type: none"> <li>• Original as well as revised activity schedule</li> <li>• Offer size revision</li> <li>• Justification of Offer price as disclosed in para 6 of this Letter of Offer</li> <li>• Removal of restriction on Acquirer for acquisition of shares in L&amp;T</li> </ul>

The copies of the above public announcements are also available on the SEBI website at [www.sebi.gov.in](http://www.sebi.gov.in)

Any upward revision in the Offer Price or withdrawal of the Offer under Regulations 27 of the Regulations, will be announced in the above-mentioned newspapers and the revised price would be payable by Acquirer for all the valid shares tendered at any time during the Offer.

On the Specified Date Samruddhi acquired 1,556,909 equity shares of L&T at an average price and highest price of Rs. 180.91 per equity share and Rs. 181.42 per equity share, respectively. Subsequent to the Specified Date, Samruddhi has acquired shares in L&T as follows:-

<u>Date of Acquisition</u>	<u>Acquirer</u>	<u>Number of Shares</u>	<u>Average Price of Acquisition</u>	<u>Highest price of Acquisition</u>	<u>Cumulative holding of Acquirer</u>	
		<u>Acquired</u>	<u>(Rs.)</u>	<u>(Rs.)</u>	<u>No. of Shares</u>	<u>%</u>
October 16, 2002	Samruddhi	157,296	182.47	182.98	37,835,745	15.22%
October 17, 2002	Samruddhi	342,028	188.42	189.50	38,177,773	15.35%

Other than above, neither Acquirer nor the directors of Acquirer have acquired any equity shares of L&T from the date of the Public Announcement till the date of this Letter of Offer.

Based on the information available from Acquirer, L&T and the SEBI website, Acquirer and L&T have not been prohibited by SEBI from dealing in securities, in terms of directions under Section 11B of the SEBI Act, 1992. SEBI vide its letter dated November 29, 2002, had directed that the Acquirer should not acquire any equity shares of L&T from the open market or otherwise until further advice. This restriction has been withdrawn by SEBI vide its letter No. TO/AT/7745/03 dated April 22, 2003.

## **2. (B) MATERIAL DEVELOPMENTS POST PUBLIC ANNOUNCEMENT**

Securities and Exchange Board of India ("SEBI"), vide their letter No. TO/AT/21919/02 dated November 8, 2002, addressed to JMMS, advised Acquirer not to proceed with the open offer formalities pursuant to the Public Announcement, since SEBI had decided to conduct investigation in terms of Chapter V of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 on alleged violation, if any, with regard to acquisition of 25,000,000 equity shares, aggregating 10.05% of the paid up and Voting Capital of L&T, by Grasim in November 2001. Acquirer had preferred an appeal on November 18, 2002 with the Honorable Securities Appellate Tribunal ("SAT") challenging the aforesaid communication of SEBI and seeking *inter-alia* interim relief to allow Acquirer to proceed with the Offer formalities. SAT, vide its order dated November 28, 2002, has declined to grant the interim relief on the ground that it is difficult to take the view that unless the Order is stayed now Acquirer would suffer irreparable injury. The appeal is pending and the next hearing is fixed for June 06, 2003. SEBI vide its letter dated November 29, 2002, had directed that the Acquirer should not acquire any equity shares of L&T from the open market or otherwise until further advice. This restriction has been withdrawn by SEBI vide its letter No. TO/AT/7745/03 dated April 22, 2003.

SEBI vide its letter No. IES/SR/SS/4297/03 dated February 25, 2003 addressed to Grasim, conveyed its findings of the aforesaid investigation to Grasim. The findings of the investigation, *inter-alia* were as follows:

1. The following material information which is essential for the share holders to make an informed decision in regard to the offer have not been disclosed in the Public Announcement:
  - Objective and purpose of the acquisition of shares and future plans of Grasim including whether Grasim has decided to acquire control over L&T or any of the businesses of L&T and whether the acquisition of shares through the present public announcement is for change in management control of L&T and other disclosures in full compliance with Regulation 16 of Regulations.
  - Grasim's alternate proposal for vertical demerger of L&T's cement business into a separate company submitted by Grasim to the Board of L&T.
  - Conditions imposed on RIL vide the SPA
  - The reasons for the premium paid by Grasim for acquisition of L&T shares over the then prevailing market price to Reliance.
2. Further, SEBI also advised Grasim to disseminate the details of the alternate demerger proposal made by Grasim to the board of L&T to the Stock Exchanges where equity shares of Grasim are listed.

Grasim replied to the aforesaid letter vide its letters dated February 28, 2003 and March 03, 2003, gave clarification on various points raised and also agreed to make additional disclosures with regard to the following as per direction of SEBI:

1. Objective and purpose of Offer and future plans.
2. Alternate demerger proposal submitted by Grasim (being an event subsequent to the filing of the draft Letter of Offer).
3. Salient features of the SPA.
4. Reasons for premium paid by Grasim to acquire shares of L&T from Reliance.

Thereafter, SEBI vide its letter No. TO/AT/4910/03 dated March 05, 2003 issued its preliminary observations on the draft Letter of Offer in terms of Regulation 18 suggesting certain insertions in this Letter of Offer including the above mentioned additional disclosures agreed to be made by Grasim. The letter also sought clarification as to how Offer price was justified.

The letter further directed to a public announcement to be issued disclosing the above correspondence. Accordingly, by a public announcement of March 07, 2003 Grasim reproduced entirely the contents of above mentioned letters of February 25, 2003, February 28, 2003, March 03, 2003 and March 05, 2003.

SEBI has by its subsequent letter No. TO/AT/7745/03 dated April 22, 2003 allowed the Acquirer to proceed with this Offer. As further directed by SEBI in the said letter of April 22, 2003, Grasim issued the public announcement on April 24, 2003 including, *inter-alia*, information regarding original as well as revised activity schedule, offer size revision, justification of offer price and removal of restriction on Acquirer for acquisition of shares in L&T.

Copies of the correspondence referred to in the above 4 paras and the public announcement on March 07, 2003 (as also the other public announcements) are available for inspection alongwith other documents at the place and times mentioned in para II of this Letter of Offer. Please note that the public announcement of March 07, 2003 (as also the other public announcements) are available on SEBI website [www.sebi.gov.in](http://www.sebi.gov.in).

Subsequent to the filing of draft Letter of Offer with SEBI on October 24, 2002, the Board of Directors of L&T were considering demerger of cement business of L&T into a separate company. In the circumstances, the Board of Directors of Grasim *inter-alia* felt it necessary to submit an alternative proposal on January 27, 2003 for the consideration of L&T's Board of Directors. For details of this proposal, kindly refer to para 3 of this Letter of Offer. The said proposal was taken up for discussion by the Board of L&T on January 29, 2003. The matter is under consideration of Board of L&T and no decision has emerged so far.

## **3. REASONS FOR THE OFFER AND FUTURE PLANS**

As explained in para 2 above, the Offer to the shareholders of L&T is being made pursuant to Regulation 10 read with Regulation 14(1) of the Regulations for the purpose of substantial acquisition of shares without change in control.

The Aditya Birla Group, an Indian Multinational has identified *inter-alia*, Cement and Knowledge-intensive businesses, with a strong service orientation, as significant growth opportunities. Grasim, with a major presence in Cement, finds synergies with L&T's cement business. In addition, L&T is recognized as a premier Indian enterprise with major investments in Cement, IT and other Knowledge-intensive service

oriented businesses. Their Engineering & Construction business is a leading provider of solutions to the Infrastructure Sector, both in India and abroad. Grasim's Offer to augment its equity stake in L&T is expected to yield the following benefits to both Grasim and L&T:

- # This will enable the two companies to better compete in the rapidly expanding cement market in India, against foreign multinationals, who have the benefit of scale on their worldwide operations. In the process, the two companies will be in a position to derive multi-functional synergies, on an arms length basis, yielding potential cost reduction and product/service innovations.
- # Enhance financial flexibility, and the ability to access both domestic and international capital at competitive costs, to support future growth opportunities.
- # Strengthening the intellectual talent within the two companies, with their diversity of skills, expertise and capabilities, to pursue growth opportunities that are likely to emerge in the future.

Considering that the Offer will not result in any change in control, these benefits would accrue only if the perception of the Acquirer is shared by the management of L&T.

Subsequent to the making of the Public Announcement and submission of Draft letter of offer to SEBI, on January 27, 2003 Grasim made a proposal to L&T for demerger of L&T's cement business and this proposal was circulated by L&T's Board in its meeting held on January 29, 2003. The proposal *inter-alia* provides for the following:

- a) A vertical demerger by L&T of its Cement Business on a going concern basis, to a new company (herein referred to as "New Cement Company"), where all equity shareholders of L&T would receive equity shares of New Cement Company in the same proportion to their existing equity holding in L&T.
- b) The said demerger may be carried out through a Scheme of Arrangement under Sections 391-394 of the Companies Act, 1956.
- c) Upon completion of the vertical demerger as aforesaid, it is the intention of Grasim to make a subsequent Open Offer for an additional 20% stake in the new Cement Company, at a price of Rs.130/- per share (offer price) with the intention to seek control over the New Cement Company. For the sake of simplicity and to arrive at the indicative offer price per share, the equity capital of the New Cement Company is assumed to be Rs. 248.66 crore comprising of 24,86,60,346 fully paid up equity shares of the face value of Rs. 10 each. It is recognized that the number of equity shares might differ and the value offered per share would consequently change in a proportionate manner.

Further, it is also stated by Grasim in the same proposal to L&T Board that the value of Rs.130/- per share for the proposed new cement company is based on combination of methods and the ratio of equity value of the remaining business of L&T to the equity value of cement business is 1.25:1. On a sum of parts basis, assuming that a vertical demerger would create two separate entities, and on a relative basis, Grasim has valued the cement business of L&T at Rs. 130 per share and the remaining business of L&T at Rs. 162.50 per share and hence, with the aforesaid assumption, the equity value of L&T works out to Rs. 292.50 per equity share. However it may be clarified that it is not the suggestion of Grasim that, if there was a demerger, it would be in any way interested in acquiring any shares in L&T without the cement business.

Grasim also wishes to clarify that the price of Rs. 130 per equity share as aforesaid has been indicated in the proposal based on the limited published information available to it. The same may vary depending upon further details, which may become available, or any other related development. Grasim wishes to reiterate that it does not have any control over L&T. It would be entirely upto the Board and shareholders of L&T to decide upon the proposal. They may accept the proposal with or without modification or reject the same altogether. It is not possible for Grasim to indicate any time frame for implementation of the above proposal of demerger by L&T.

Other than the above, Grasim/Samruddhi as required by the Regulations state that in any event, they do not have any plan to make any major change to the existing lines of business of L&T, or to dispose of or otherwise encumber any assets of L&T in the next two years, except in the ordinary course of business of L&T and/or its subsidiaries and except to the extent if so deemed necessary for the purpose of restructuring and/or rationalisation of assets, investments, liabilities or otherwise of L&T in its interest.

It will be for the Board of Directors of L&T to take appropriate decisions on the above matters as per the requirements of the business and in line with opportunities from time to time. In any event such steps relating to sale of or encumbrance, if any, of the substantial asset of L&T and restructuring as aforesaid will be governed by the applicable provisions of the Regulations, Companies Act, 1956 and/or other applicable laws at the relevant time, and will be subject to prior approval of shareholders of L&T.

It is hereby reiterated that, any decision in relation to future plans of the Target Company or for disposal of or otherwise encumbering any assets of the Target Company would be for the Board of Directors of Target Company to deal with.

## **BACKGROUND OF ACQUIRER**

### **4.1 Grasim**

Grasim was promoted on August 25, 1947 in Gwalior under the Gwalior Companies Act (1 of Samvat 1963) as Gwalior Rayon Silk Manufacturing (Weaving) Company Limited and commenced operations in 1950. The name of the Company was subsequently changed to Grasim Industries Limited with effect from July 22, 1986. The Registered office of Grasim is located at Birlagram, Nagda, 456 331 Madhya Pradesh, India.

Grasim is presently under the control of the Aditya Birla Group, headed by Shri Kumar Mangalam Birla. Grasim is the flagship of the Group and is amongst India's largest companies in the private sector in terms of assets and sales. Grasim is a professionally managed Company. Grasim's key businesses are Viscose Staple Fibre ("VSF") and Cement and it also has interests in Textiles, Chemicals and Sponge Iron. Grasim's key business viz. VSF and Cement accounted for 76% of net revenues and 88% of operating profits in FY 2002.

Grasim pioneered the manufacture of Viscose Staple Fibre in India and is India's largest producer of this man-made cellulosic fibre (Source: The Association of Man-made Fibre Industry of India). Grasim is one of the largest producer of grey cement in India (Source: Cement Statistics 2002, Cement Manufacturers' Association, New Delhi) and is also South Asia's largest producer of white cement. (Source: Grasim)

The equity shares of Grasim are listed on the BSE, NSE, The Stock Exchange Ahmedabad, Bangalore Stock Exchange Limited, The Calcutta Stock Exchange Association Limited, Cochin Stock Exchange Limited, Madras Stock Exchange Limited, Madhya Pradesh Stock Exchange and The Delhi Stock Exchange Association Limited. The Global Depository Receipts of Grasim are listed on the Societe de la Bourse de Luxembourg.

The total paid-up capital of Grasim as on June 30, 2002 was Rs. 916.9 million, divided into 91,669,685 equity shares of Rs. 10 each. The closing market price of Equity Share of Grasim as on October 11, 2002 was Rs. 308.15 on NSE (source: NSE website, www.nseindia.com)

The Board of Directors of Grasim is as listed below.

<u>Name</u>	<u>Residence Address</u>
Mr. Kumar Mangalam Birla .....	16-A, IL- Palazzo, Little Gibbs Road, Malabar Hill, Mumbai - 400 006
Mrs. Rajashree Birla .....	16-A, IL- Palazzo, Little Gibbs Road, Malabar Hill, Mumbai - 400 006
Mr. M L Apte .....	24-B Woodlands, Peddar Road, Mumbai 400 026
Mr. M C Bagrodia .....	Prithvi Apartment, Flat No. 2, "A" wing, 7th Floor, Altamount Road, Mumbai 400 026
Mr. B V Bhargava .....	Flat No.1201, A Wing, Gulmohar Apartments, Ceasar Road, Amboli, Andheri (W), Mumbai - 400 058
Mr. R C Bhargava .....	220 Sector 15-A, Noida UP 201301
Mr. Y P Gupta .....	Flat No. 203, Block "A", Twin Towers, Prabhadevi, Opp. Sidhi Vinayak Temple, Mumbai 400 025
(Nominee: Life Insurance Corporation of India)	
Mr. Cyril Shroff .....	67 Rupam, Worli Sea Face, Mumbai 400 025
Mr. S G Subrahmanyam .....	75, 2nd Street, Karpagam Avenue, R.A. Puram, Chennai - 600 028
Mr. V Venkateswarlu <sup>1</sup> .....	41, Jolly Maker Apartments II, Cuffe Parade, Mumbai 400 005
(Nominee: Industrial Development Bank of India)	
Mr. Shailendra K. Jain .....	Grasim Staff Colony, Bungalow No. 1, Birlagram, Nagda 456 331
( Whole-time Director)	

<sup>1</sup> Nomination withdrawn by IDBI with effect from February 10, 2003

Correspondence, if any, addressed to the above directors may be forwarded at the Registered office of Grasim only, located at Birlagram, Nagda, 456 331. Madhya Pradesh, India. Other than Mr. Kumar Mangalam Birla and Mrs. Rajashree Birla, none of the above directors is on the Board of Directors of L&T. Mr. Kumar Mangalam Birla and Mrs. Rajashree Birla hold 1,000 equity shares each of L&T, which they have acquired in December 2001 through market purchase at Rs. 192.83 per share to meet the requirement of directors shareholding under the Articles of Association of L&T.

As disclosed to Grasim, no director of Grasim has acquired any shares of L&T, including by way of public or rights issue or preferential allotment during 26 week period preceding the Public Announcement.

The shareholding pattern of Grasim (as on March 31, 2003) is as follows:

<u>Sr. No</u>	<u>Shareholder's Category</u>	<u>No. &amp; Percentage of shares held</u>	
		<u>No.</u>	<u>%</u>
1.	Promoters/persons in acting in concert <sup>1</sup> .....	18,715,245	20.42
2.	Mutual Funds/UTI/Banks/FIs/Insurance Companies/FIIs .....	35,041,832	38.23
3.	Private Corporate Bodies /NRIs/OCBs/ Indian Public/Any other .....	37,912,608	41.36
	<b>Total Paid-Up Capital</b>	<b>91,669,685</b>	<b>100.00</b>

<sup>1</sup> prominent amongst which are Trapti Trading and Investments Pvt. Ltd., Turquoise Investments and Finance Pvt. Ltd., Pilani Investment and Industries Corporation Ltd., Hindalco Industries Ltd. and Indo Gulf Corporation Ltd.

Source: Grasim

Grasim has complied with applicable provisions of Chapter II of the Regulations with regard to its shareholding in L&T.

Summary of the audited financial details of Grasim as per SEBI requirements for the years ended March 31, 2000, 2001 and 2002 and unaudited financials for the period ended December 31, 2002 is as follows:

				(in Rs. million)
	<u>Year ended March 31,</u>			<u>April 1, 2002 to</u>
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>December 31, 2002</u>
				<u>(unaudited)</u>
<b>Profit &amp; Loss Account</b>				
<b>Profit &amp; Loss Statement:</b>				
<b>Income from Operations .....</b>	<b>39,797.2</b>	<b>44,714.8</b>	<b>43,866.4</b>	<b>34,149.5</b>
Other Income .....	712.3	897.1	1,146.2	601.2
Total Income .....	40,509.5	45,611.9	45,012.6	34,750.7
Total Expenditure .....	32,946.3	36,497.0	35,644.8	26,343.8
<b>Profit Before Depreciation Interest and Tax .....</b>	<b>7,563.2</b>	<b>9,114.9</b>	<b>9,367.8</b>	<b>8,406.9</b>
Depreciation .....	2,369.8	2,519.0	2,517.0	1,883.9
Interest .....	2,560.8	2,387.8	1,902.5	1,278.1

<b>Profit before Exceptional items and Tax</b> .....	<b>2,632.6</b>	<b>4,208.1</b>	<b>4,948.3</b>	<b>5,244.9</b>
Exceptional items .....	(178.1)	70.9	(838.7)	(44.0)
<b>Profit before Tax</b> .....	<b>2,454.5</b>	<b>4,279.0</b>	<b>4,109.6</b>	<b>5,200.9</b>
Provision for current taxation .....	123.5	500.0	565.0	1,360.0
Deferred tax .....	-	-	515.0	170.0
<b>Profit After Tax</b> .....	<b>2,331.0</b>	<b>3,779.0</b>	<b>3,029.6</b>	<b>3,670.9</b>

(in Rs. million)

<b>Balance Sheet Statement</b>	<b>As on March 31,</b>		
	<b>2000</b>	<b>2001</b>	<b>2002</b>
<b>Sources of Funds</b>			
<b>Shareholders Funds</b>			
Paid up share capital	916.9	916.9	916.9
Reserves & Surplus (excluding revaluation reserves)	26,849.5	29,837.1	26,151.9
<b>Deferred tax balance</b>	-	-	<b>6,405.0</b>
<b>Loan Funds</b>			
Secured Loans	15,366.0	14,116.8	14,845.0
Unsecured Loans	5,800.8	3,663.9	4,750.9
Deferred payment credit and documentary bills discounted	1,583.1	1,223.7	1,051.5
<b>Total</b>	<b>50,516.3</b>	<b>49,758.4</b>	<b>54,121.2</b>
<b>Uses of Funds</b>			
Net Fixed Assets	34,014.1	33,025.3	32,632.1
Investments	6,829.8	6,824.8	14,160.4
Net Current Assets	9,672.4	9,908.3	7,328.7
Total miscellaneous expenditure not written off	-	-	-
<b>Total</b>	<b>50,516.3</b>	<b>49,758.4</b>	<b>54,121.2</b>

<b>Other Financial Data</b>	<b>Year ended March 31,</b>		
	<b>2000</b>	<b>2001</b>	<b>2002</b>
	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>
Dividend Per Share .....	7.0	8.0	9.0
Earning Per Share <sup>1</sup> .....	27.4	40.4	42.2
Return on Networth <sup>1</sup> (%) .....	8.64	12.30	12.78
Book Value Per Share .....	303	335	365

<sup>1</sup> Before exceptional items

#### 4.2 Samruddhi

Samruddhi is a public limited company, incorporated on July 1, 1994, under Companies Act, 1956, having its Registered Office at Birlagram, Nagda, Madhya Pradesh, India. Samruddhi is a wholly owned subsidiary of Grasim and is primarily engaged in investment activities. Samruddhi is not listed on any stock exchange.

The Board of Directors of Samruddhi is as listed below.

<b>Name</b>	<b>Residence Address</b>
Mr. Shailendra K Jain .....	Grasim Staff Colony, Bunglow No. 1, Birlagram, Nagda, 456 331
Mr. D.D. Rathi .....	63, Sunflower, Cuffe Parade, Mumbai 400 005
Mr. O P Rungta .....	Grasim Staff Colony, Bunglow No. 2, Birlagram, Nagda, 456 331
Mr. G K Tulsian .....	301, Pradeep, Worli Hill Estate, Mumbai 400 018
Mr. Sanjeev Bafna .....	1B, Flat No. 2003, ICICI Towers, Whispering Palms, Lokhandwala, Kandivali (East), Mumbai 400 101

Correspondence, if any addressed to the above directors must be forwarded at the Registered office of Samruddhi only, located at Birlagram, Nagda, 456 331. Madhya Pradesh, India. None of the above directors is on the Board of Directors of L&T.

As Samruddhi is holding less than 5% of the fully paid-up equity shares of L&T, no disclosure is required to be made by Samruddhi under Chapter II of Regulations.

The total paid-up capital of Samruddhi is Rs. 65 million, which is divided into 6,500,000 equity shares of Rs. 10 each.



Summary of the audited financial details of Samruddhi as per SEBI requirements for the years ended March 31, 2000, 2001, 2002 and 2003 is as follows:

(in Rs. million)

Profit & Loss Account	Year ended March 31,			
	2000	2001	2002	2003
<b>Profit &amp; Loss Statements :</b>				
Total Income	5.64	10.97	6.59	6.74
Total Expenditure .....	0.59	0.00	0.01	0.45
<b>Profit Before Depreciation, Interest and Tax .....</b>	<b>5.05</b>	<b>10.97</b>	<b>6.58</b>	<b>6.29</b>
Depreciation .....	3.65	3.55	3.38	3.21
Interest .....	-	-	-	0.03
<b>Profit Before Tax .....</b>	<b>1.40</b>	<b>7.42</b>	<b>3.20</b>	<b>3.06</b>
Provision for Taxation .....	0.16	0.72	0.05	0.38
Deferred Tax .....	-	-	0.94	0.81
<b>Profit After Tax .....</b>	<b>1.24</b>	<b>6.70</b>	<b>2.21</b>	<b>1.87</b>

(in Rs. million)

Balance Sheet Statement	As on March 31,			
	2000	2001	2002	2003
<b>Sources of Funds</b>				
<b>Shareholders Funds</b>				
Paid up share capital .....	65.00	65.00	65.00	65.00
Reserves & Surplus (excluding revaluation reserves) .....	1.23	7.92	7.50	9.37
<b>Deferred tax balance .....</b>	<b>-</b>	<b>-</b>	<b>3.57</b>	<b>4.39</b>
<b>Loan Funds</b>				
Secured Loans .....	-	-	-	-
Unsecured Loans .....	-	-	-	396.19
<b>Total .....</b>	<b>66.23</b>	<b>72.92</b>	<b>76.07</b>	<b>474.94</b>
<b>Uses of Funds</b>				
Net Fixed Assets .....	71.09	67.53	64.15	60.95
Investments .....	-	0.27	0.27	395.95
Net Current Assets .....	(4.86)	5.12	11.65	18.05
Total miscellaneous expenditure not written off .....	-	-	-	-
<b>Total .....</b>	<b>66.23</b>	<b>72.92</b>	<b>76.07</b>	<b>474.94</b>

Other Financial Data	Year ended March 31,			
	2000	2001	2002	2003
	Rs.	Rs.	Rs.	Rs.
Dividend Per Equity Share .....	-	-	-	-
Earning Per Equity Share .....	0.19	1.03	0.34	0.29
Return on Networth (%) .....	1.87	9.19	2.91	2.37
Book Value Per Share .....	10.19	11.22	11.70	12.12

## 5. BACKGROUND OF L&T

As per the information received by Acquirer from L&T, L&T is a public limited company, incorporated on February 7, 1946 under the Indian Companies Act, VII of 1913, having its Registered Office at L&T House, Ballard Estate, Mumbai 400 001.

The paid-up equity share capital of L&T as at the date of the Public Announcement was Rs. 2,486.60 million comprising 248,660,346 fully paid up equity shares of Rs. 10 each. The equity shares of L&T are listed on the BSE, NSE, The Calcutta Stock Exchange Association Limited, Bangalore Stock Exchange Limited, Madras Stock Exchange Limited, The Mangalore Stock Exchange Limited, The Delhi Stock Exchange Association Limited, The Stock Exchange Ahmedabad and The Pune Stock Exchange Limited. The Global Depository Receipts of L&T (hereinafter referred to as "GDRs") are listed on the Societe de la Bourse de Luxembourg. There are no outstanding partly paid shares as of the date of the Offer.

As confirmed by L&T, L&T has an outstanding loan taken from Industrial Development Bank of India (IDBI) with a right to IDBI to convert the outstanding amount of loan into fully paid up equity shares in the event L&T makes a default in the payment of three consecutive installments of the principal amounts of the loan or interest thereon. As confirmed by L&T, L&T has not defaulted in repayment of loan installments till date and L&T does not expect that there would be occurrence of the events instrumental to such conversion and in any event till the period of 30 days after the closure of this Offer (i.e July 05, 2003).

L&T also has outstanding Series IV Convertible Debentures (CDs) which were issued in 1989 and which were due for conversion and substantial portion of which has been converted as early as 1992. CDs convertible into 391,651 equity shares had not been converted into equity shares as on the date of Public Announcement, as all amount due on them had not been received from the debentureholders. Out of this on January 29, 2003 L&T issued 2,695 equity shares. The balance outstanding CDs are due to calls in arrears and would be converted into 388,956 equity shares as and when the calls in arrears are paid. However, as confirmed by L&T, it is not possible to say when any of these CDs would be converted into equity shares of L&T.

L&T has also granted stock options and stock appreciation rights to its employees/directors. Of the stock option schemes, 5,715 equity shares were allotted on November 28, 2002 against the options already exercised by the employees under the ESOP 2000 scheme. Further 2,325 options have been exercised effective April 01, 2003. However as on date no allotment has been made for these shares. As and when the allotment for the same would be made, the paid-up equity capital will increase by 2,325 equity shares. As confirmed by L&T, if the balance concerned employees exercise the stock options vested in them under the ESOP 2000 scheme by July 05, 2003, the equity shares to be issued to them would be 2,969,810 equity shares. However, as confirmed by L&T, it is not possible to ascertain how many of these 2,969,810 equity shares would be issued and allotted before July 05, 2003.

Under ESOP 2002 scheme, L&T has granted 3,746,900 options under A Series and 3,773,160 options under B Series. Under each of the series one option is equivalent to one equity share of L&T. Of these option granted 936,725 options and 943,290 options were vested on April 19, 2003 in A Series and B Series, respectively. In view of the above if all the employees in whose favour the options under ESOP 2002 scheme have been vested exercise their options by July 05, 2003, the equity shares to be issued to them would be 1,880,015 equity shares.

L&T has also informed that it is not possible to quantify the shares that would be issued under the Stock Appreciation Rights as the number of shares to be issued is based on the difference between the average market price on the BSE for the 12 months immediately preceding the date of exercise and the grant price. Thus as confirmed by L&T, unless the average market price of L&T's shares on the BSE during 12 months period immediately preceding the date of exercise of the rights exceeds the grant price, no conversion is likely to take place on or before July 05, 2003.

L&T has confirmed that it is not possible to determine the potential subscribed and paid-up equity capital of L&T arising out of conversion of CDs, issue of equity shares under Stock Appreciation Rights and issue of equity shares under ESOP 2000 and ESOP 2002 schemes up to July 05, 2003. However, based on subsequent discussions with SEBI, the Acquirer has agreed to enhance the Offer Size to 50,781,973 equity shares representing 20% of the potential subscribed and paid-up equity capital of L&T as on July 05, 2003, based on the data obtained from L&T, assuming full conversion of CDs and issue of equity shares assuming exercise of all options vested/to be vested under ESOP 2000 and ESOP 2002 schemes upto July 5, 2003.

**On the above basis, the outstanding Voting Capital of L&T would be 253,909,862 equity shares and the Offer Size of 50,781,973 represents 20% of the Voting Capital and 20.42% of the present paid-up equity capital of L&T.**

In case there is further increase in the Voting Capital on account of conversion of CDs or issue of equity shares under Stock Appreciation Rights or ESOP 2000 or ESOP 2002 schemes then the Acquirer undertakes to increase the Offer Size suitably in compliance with Regulation 21(5) of the Regulations.

L&T is a professionally managed company with the day to day affairs being handled by a team of senior executives with experience in their line of business.

Founded in 1938 as a partnership firm, L&T became a private limited company in 1946 and a public limited one in 1950. There has been no merger/demerger/spin off of L&T in last three years, except transfer of the construction machinery division business of L&T at Pithampur, Madhya Pradesh to a Joint Venture Company, L&T-Case Equipment Private Limited (formerly L&T-Case Equipment Limited) with effect from October 1, 1999.

L&T is an Indian engineering and construction conglomerate and also has a large capacity of cement manufacturing in India. It's other key additional interests are in IT and electrical & electronic business. L&T's key business viz. Cement and Engineering & Construction accounted for 87% of total customer sales in FY 2002. The Company is mainly engaged in the business of execution of contracts for civil, mechanical and electrical installations, undertaking of turnkey jobs for constructions of plants, installations, housing projects etc; construction of infrastructure projects such as roads, dams, bridges, flyovers etc.; manufacture and sale of cement; manufacture and sale of heavy industrial machinery and equipment; manufacture and sale of switchgear, petrol pumps, medical equipment and electronic equipment and other diversified engineering business.

L&T, pursuant to the disclosures made by its major shareholders, has complied with the reporting formalities regarding their shareholding in L&T under the applicable provisions of Chapter II of the Regulations. L&T has also complied with all the provisions of the listing agreement entered into with the stock exchanges and no punitive action has been initiated by any of the stock exchanges against it.

Details of the Board of Directors of L&T, as furnished by L&T, is as listed below :

Name	Residence Address	Names of other listed Companies in which he is a Director	Position held
Mr. Henning Holck-Larsen	Parkovsvej 22, DK-2820, Gentofte, Denmark	None	Not Applicable
Mr. A. M. Naik	High Trees, 54 Pali Hill, Bandra, Mumbai 400 050	None	Not Applicable
Mr. A. Ramakrishna	"Anmol", M-6 (old M-29), Anna Nagar (East), Chennai 600 102	None	Not Applicable
Mr. J. P. Nayak	Gilder House, 2 <sup>nd</sup> Floor, 67-F, Bhulabhai Desai Road, Mumbai 400 026	Narmada Cement Company Limited	Non-Executive Director

Mr. Y. M. Deosthalee	1001, Prabhu Kutir, 15, Altamount Road, Mumbai 400 026	Narmada Cement Company Limited	Non-Executive Director
Mr. K. Venkataramanan	Varsha, Flat No. 401, Janki Kutir, Juhu, Mumbai 400 049	India Infrastructure Developers Limited	Non-Executive Director
Mr. R. N. Mukhija	Varsha, Flat No. 501, Janki Kutir, Juhu, Mumbai 400 049	None	Not Applicable
Mr. P. M. Mehta	9, Nirman, East West Road 2, JVPD Scheme, Juhu, Mumbai 400 049	None	Not Applicable
Mr. S. S. Marathe	"Vinay", 9, Sahajeevan Co-op. Hsg. Scy. Ltd., Off: Ganeshkhind Road, Pune 411 007	1. Sandvik Asia Limited 2. Automotive Axles Limited 3. Bajaj Tempo Limited 4. Bharat Forge Limited 5. Deepak Fertilisers & Petrochemicals Corpn. Limited 6. Finolex Industries Limited 7. Futura Polysters Limited 8. Kinetic Motors Limited 9. Kirloskar Brothers Limited 10. Mandovi Pellets Limited	Vice Chairman Director Director Director Director Director Director Director Director
Mr. D. V. Kapur	405, Arasdhana Apartmets, Sector XIII, R.K. Puram, New Delhi 110 066	1. Reliance Power Limited <sup>1</sup> 2. GKN Driveshafts (India) Ltd. 3. Reliance Salgaocar Power Co. Ltd. <sup>1</sup> 4. Drivetech Accessories Ltd. <sup>1</sup> 5. Tata Chemicals Ltd. 6. Honda Seil Power Products Ltd. 7. Zenith Ltd. 8. DLF Power Ltd. <sup>1</sup> 9. DCM Hyundai Ltd. <sup>1</sup> 10. Reliance Industries Limited	Chairman Chairman Chairman Chairman Director Director Director Director Director Director
Mr. G. Armbruster	Wildstrase 11, 89522 Heidenheim, Germany	None	Not Applicable
Mr. S. Rajgopal	232, Buena Vista, Gen J. Bhosale Marg, Mumbai 400 021	None	Not Applicable
Mr. Kumar Mangalam Birla	16-A, IL- Palazzo, Little Gibbs Road, Malabar Hill, Mumbai - 400 006	1. Grasim Industries Limited 2. Indian Rayon & Industries Limited 3. Indo Gulf Fertilisers Limited 4. Hindalco Industries Limited 5. Indian Aluminium Company Limited 6. Birla Sunlife AMC Limited <sup>1</sup> 7. Birla Sunlife Insurance Company Limited <sup>1</sup> 8. Tata Iron & Steel Company Limited 9. PSI Data Systems Limited 10. Birla Management Corporation Limited <sup>1</sup>	Director Director Director Director Director Director Director Director Director Director
Mrs. Rajashree Birla	16-A, IL- Palazzo, Little Gibbs Road, Malabar Hill, Mumbai - 400 006	1. Grasim Industries Limited 2. Indian Rayon & Industries Limited 3. Hindalco Industries Limited 4. Indo Gulf Fertilisers Limited 5. Aditya Birla Health Services Limited <sup>1</sup>	Director Director Director Director Director
Mr. B. P. Deshmukh	7-A, IL- Palazzo, Little Gibbs Road, Malabar Hill, Mumbai - 400 006	1. Madras Cements Limited 2. Agriculture Insurance Co. of India Limited <sup>1</sup>	Director Director
Mr. A. K. Doda	Flat No. 223 – A, Jolly Maker Apts. No. 1, Cuffe Parade, Mumbai 400 005	1. IDBI Intech Ltd. <sup>1</sup> 2. J.K. Corp Ltd. 3. IDBI Capital Market Services Ltd. <sup>1</sup> 4. IFCI Ltd.	IDBI Nominee IDBI Nominee IDBI Nominee IDBI Nominee
Mr. Kranti Sinha	Flat No. 3, 2 <sup>nd</sup> Flr, Jeevan Sangram CHS., Plot No. 24 RDP 1, Sector II, Charkop, Kandivli (W), Mumbai - 400 067	1. Hindustan Motors Limited 2. Uniflex Cables Limited	Director Director
Mr. K.S. Khare	LIC of India, Central Office, "Yogakshema", Jeevan Bima Marg, Mumbai- 400 021	Vikrant Tyres Limited	Nominee Director of LIC

<sup>1</sup> Status whether listed or not, not known

Correspondence, if any, to the above directors may be forwarded to the Registered office of L&T only, located at L&T House, Ballard Estate, Mumbai - 400 001. Of the above directors, Mr. Kumar Mangalam Birla (appointed on November 23, 2001) and Mrs. Rajashree Birla (appointed on November 23, 2001) are also directors on the Board of Grasim. Accordingly, Mr. Kumar Mangalam Birla and Mrs. Rajashree Birla have recused themselves and abstained from voting on the resolution passed by the Board of Grasim to make this Offer as per Regulation 22(9) of the Regulations.

The issued, subscribed and paid-up share capital structure of L&T as on the date of the Public Announcement is as follows:

	<b>No. of shares</b>	<b>% of shares</b>
Fully paid-up equity shares .....	248,660,346	100%
Partly paid-up equity shares .....	0	0%
Total fully paid-up equity shares .....	248,660,346	100%
Total Subscribed and Paid-up Capital of L&T <sup>1</sup> .....	248,660,346	100%

<sup>1</sup> As mentioned above L&T has allotted 2,695 equity shares on January 29, 2003 on account of conversion of CDs and 5,715 equity shares on November 28, 2002 on account of exercise of options under the ESOP 2000 scheme. Accordingly, on the date of this Letter of Offer, the issued, subscribed and paid-up share capital of L&T comprises of 248,668,756 equity shares. Further the subscribed and paid up equity capital of L & T assuming full conversion of the balance CDs and exercise of all options vested under the ESOP 2000 and ESOP 2002 Scheme would increase the above Subscribed and Paid-up Capital of L&T by 5,241,106 equity shares. Accordingly the Voting Capital of L&T would stand increased to 253,909,862 equity shares.

Brief audited financial details of L&T as per SEBI requirement for the years ended March 31, 2000, 2001 and 2002 and unaudited financial details for the period ended December 31, 2002 is as follows:

<b>Profit &amp; Loss Account</b>	<b>Year ended March 31,</b>			<b>April 1, 2002</b>
	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>to December 31, 2002 (unaudited)</b>
	(in Rs. million)			
<b>Profit &amp; Loss Statement:</b>				
<b>Income from Operations .....</b>	<b>74,238.1</b>	<b>78,254.3</b>	<b>83,588.5</b>	<b>62,077.1</b>
Other Income .....	1,878.7 <sup>1</sup>	2,068.2	2,196.6	1,425.6 <sup>3</sup>
Total Income .....	76,116.8	80,322.5	85,785.1	63,502.7
Total Expenditure .....	66,040.2	70,191.6	75,257.1	57,729.7
<b>Profit Before Depreciation, Interest and Tax .....</b>	<b>10,076.6</b>	<b>10,130.9</b>	<b>10,528.0</b>	<b>5,773.0</b>
Depreciation <sup>2</sup> .....	2,931.8	3,131.3	3,361.8	2,259.3
Interest .....	3,323.5	3,612.6	3,159.2	1,529.0
<b>Profit before Tax .....</b>	<b>3,821.3</b>	<b>3,387.0</b>	<b>4,007.0</b>	<b>1,984.7</b>
Provision for Tax .....	405.0	236.4	539.0	310.0
<b>Profit After Tax .....</b>	<b>3,416.3</b>	<b>3,150.6</b>	<b>3,468.0</b>	<b>1,674.7</b>

<sup>1</sup> Includes Rs. 125.7 million profit on transfer of undertaking

<sup>2</sup> Net of transfer from Revaluation Reserve

<sup>3</sup> Includes Rs. 90.1 million share of profit from Integrated Joint Ventures

<b>Balance Sheet Statement</b>	<b>As on March 31,</b>		
	<b>2000</b>	<b>2001</b>	<b>2002</b>
	(in Rs. million)		
<b>Sources of Funds</b>			
Paid up share capital .....	2,485.5	2,486.5	2,487.7 <sup>1</sup>
Reserves & Surplus (excluding revaluation reserves) .....	36,156.3	37,507.6	30,948.0
<b>Net Worth<sup>2</sup> .....</b>	<b>38,641.8</b>	<b>39,994.1</b>	<b>33,435.7</b>
Secured Loans .....	29,047.2	30,019.5	27,911.0
Unsecured Loans .....	10,690.2	12,614.4	7,527.7
<b>Total .....</b>	<b>78,379.2</b>	<b>82,628.0</b>	<b>68,874.4</b>
<b>Uses of Funds</b>			
Net Fixed Assets .....	45,887.3	46,709.9	43,064.9
Investments .....	7,741.6	8,134.7	8,851.2
Net Current Assets .....	24,388.6	27,348.3	24,847.0
Deferred tax liability (net) .....	-	-	(8,524.5)
Total miscellaneous expenditure not written off .....	361.7	435.1	635.8
<b>Total .....</b>	<b>78,379.2</b>	<b>82,628.0</b>	<b>68,874.4</b>

<sup>1</sup> Includes Rs. 1.1 million Share application money

<sup>2</sup> Networth = Share Capital + Reserves and Surplus

Other Financial Data	Year ended March 31,			April 1, 2002
	2000	2001	2002	to December 31,
	Rs.	Rs.	Rs.	2002
Dividend Per Share .....	6.5	6.5	7.0	
Earning Per Share .....	13.74	12.67	13.95	6.73 <sup>1</sup>
Return on Networth (%) <sup>2</sup> .....	9.03	8.01	9.45	
Book Value Per Share <sup>3</sup> .....	155.47	160.85	134.46	

<sup>1</sup> Not Annualised

<sup>2</sup> Return on Networth = Profit After Tax/Average Networth

<sup>3</sup> Book Value Per Share = Networth/No. of Shares

The equity shareholding in L&T before the Offer (as on October 14, 2002) and after the Offer (assuming full acceptance of the Offer) is given in the table below<sup>1</sup>:

Of Subscribed and Paid up Share Capital of L&T

Shareholders' Category	Subscribed and Paid up share capital prior to the Offer (on Specified Date, except Promoter Group) as on date of PA		Subscribed and Paid up share capital prior to the Offer (on Specified Date, except Promoter Group) as on date		Equity shares to be acquired in the Offer (assuming full acceptance)		Subscribed and Paid up share capital after the Offer	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
<b>1. Promoter Group .....</b>	-	-	-	-	-	-	-	-
<b>2. Acquirer<sup>2</sup> .....</b>								
Grasim <sup>3</sup> .....	35,997,798	14.48	35,997,798	14.48	37,299,052	15.00	73,296,850	29.48
Samruddhi .....	123,742	0.05	123,742	0.05	13,482,921	5.42	13,606,663	5.47
<b>Total .....</b>	<b>36,121,540</b>	<b>14.53</b>	<b>36,121,540</b>	<b>14.53</b>	<b>50,781,973</b>	<b>20.42</b>	<b>86,903,513</b>	<b>34.95</b>
<b>3. Institutional Investors .....</b>								
a. Financial Institutions .....	92,264,392	37.10	92,264,392	37.10				
b. Banks .....	853,521	0.34	853,521	0.34				
c. Mutual Funds .....	4,132,377	1.66	4,132,377	1.66				
d. NRI individuals/OCBs .....	1,868,633	0.75	1,868,633	0.75				
e. Foreign Institutional Investors	13,540,865	5.45	13,540,865	5.45	(50,781,973)	(20.42)	161,765,243	65.05
f. Non- Domestic Companies .	1,028,973	0.41	1,028,973	0.41				
g. GDRs .....	10,149,004	4.08	10,149,004	4.08				
<b>Total .....</b>	<b>123,837,765</b>	<b>49.80</b>	<b>123,837,765</b>	<b>49.79</b>				
<b>4. Others<sup>4</sup> (not included in 1, 2 &amp; 3) .....</b>	<b>88,701,041</b>	<b>35.67</b>	<b>88,709,451</b>	<b>35.67</b>				
<b>Total .....</b>	<b>248,660,346</b>	<b>100.00</b>	<b>248,668,756</b>	<b>100.00</b>			<b>248,668,756</b>	<b>100.00</b>

<sup>1</sup> The above figures are based on information provided by L&T, except shareholding of Acquirer which has been disclosed by Acquirer

<sup>2</sup> On and after the Specified Date Acquirer has acquired further 2,056,233 equity shares of L&T. For details of these acquisitions please refer para 2 (A).

<sup>3</sup> Directors of Grasim, Mr. Kumar Mangalam Birla and Mrs. Rajashree Birla hold 1,000 equity shares each of L&T, which they have acquired in December 2001 through market purchase at Rs. 192.83 per share to meet the requirement of directors shareholding under the Articles of Association of L&T.

<sup>4</sup> 2,695 Equity shares allotted on conversion of CDs and 5,715 Equity Shares issued on exercise of options under the ESOP 2000 scheme have been included under the sub-heading of Others.

Of Voting Capital of L&T

Shareholders' Category	Subscribed and Paid up share capital prior to the Offer (on Specified Date, except Promoter Group) as on date of PA		Voting Capital as on April 25, 2003		Equity shares to be acquired in the Offer (assuming full acceptance)		Voting Capital after the Offer	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
<b>1. Promoter Group .....</b>	-	-	-	-	-	-	-	-
<b>2. Acquirer<sup>2</sup> .....</b>								
Grasim <sup>3</sup> .....	35,997,798	14.48	35,997,798	14.18	37,299,052	14.69	73,296,850	28.87
Samruddhi .....	123,742	0.05	123,742	0.05	13,482,921	5.31	13,606,663	5.36
<b>Total .....</b>	<b>36,121,540</b>	<b>14.53</b>	<b>36,121,540</b>	<b>14.23</b>	<b>50,781,973</b>	<b>20.00</b>	<b>86,903,513</b>	<b>34.23</b>
<b>3. Institutional Investors ....</b>								
a. Financial Institutions .....	92,264,392	37.10	92,264,392	36.34				
b. Banks .....	853,521	0.34	853,521	0.34				
c. Mutual Funds .....	4,132,377	1.66	4,132,377	1.63				
d. NRI individuals/OCBs .....	1,868,633	0.75	1,868,633	0.74				
e. Foreign Institutional Investors .....	13,540,865	5.45	13,540,865	5.33	(50,781,973)	(20.00)	167,006,349	65.77
f. Non- Domestic Companies .....	1,028,973	0.41	1,028,973	0.41				
g. GDRs .....	10,149,004	4.08	10,149,004	4.00				
<b>Total .....</b>	<b>123,837,765</b>	<b>49.80</b>	<b>123,837,765</b>	<b>48.77</b>				
<b>4. Others<sup>4</sup> (not included in 1, 2 &amp; 3) .....</b>	<b>88,701,041</b>	<b>35.67</b>	<b>93,950,557</b>	<b>37.00</b>				
<b>Total .....</b>	<b>248,660,346</b>	<b>100.00</b>	<b>253,909,862</b>	<b>100.00</b>			<b>253,909,862</b>	<b>100.00</b>

- The above figures are based on information provided by L&T, except shareholding of Acquirer which has been disclosed by Acquirer
- On and after the Specified Date Acquirer has acquired further 2,056,233 equity shares of L&T. For details of these acquisitions please refer para 2 (A).
- Directors of Grasim, Mr. Kumar Mangalam Birla and Mrs. Rajashree Birla hold 1,000 equity shares each of L&T, which they have acquired in December 2001 through market purchase at Rs. 192.83 per share to meet the requirement of directors shareholding under the Articles of Association of L&T.
- As mentioned above L&T has allotted 2,695 equity shares on account of conversion of CDs and 5,715 equity shares on account of exercise of options under the ESOP 2000 scheme. Further the subscribed and paid up Equity Capital of L & T assuming full conversion of CDs and issue of equity shares under ESOP 2000 and ESOP 2002 schemes assuming allotment of equity shares against exercise of all the outstanding options vested/to be vested under both, ESOP 2000 and ESOP 2002 schemes is likely to increase by 5,241,106 equity shares. Accordingly the Voting Capital of L&T would stand increased to 253,909,862 equity shares. 2,695 equity Shares allotted on conversion of CDs and 5,715 equity shares issued on exercise of options under the ESOP 2000 scheme have been included under the sub-heading of Others

## 6. OFFER PRICE

The equity shares of L&T are listed on the BSE, NSE, The Calcutta Stock Exchange Association Limited, Bangalore Stock Exchange Limited, Madras Stock Exchange Limited, The Mangalore Stock Exchange Limited, The Delhi Stock Exchange Association Limited, The Stock Exchange Ahmedabad and The Pune Stock Exchange Limited. GDRs are listed on the Societe de la Bourse de Luxembourg. The equity shares of L&T are most frequently traded on NSE within the meaning of Regulation 20 of the Regulations. The details of trading volumes on all the above stock exchanges are provided below:

	Total shares traded during the preceeding six calendar months prior to the month of announcement of the Offer	Total no. of listed shares	Annualised trading turnover as a % of total number of listed shares
BSE .....	41,089,670	248,660,346	33.05%
NSE .....	83,661,688	248,660,346	67.29%
The Calcutta Stock Exchange Association Limited .....	967,055	248,660,346	0.78%
Bangalore Stock Exchange Ltd. ....	-	248,660,346	-
Madras Stock Exchange Ltd. ....	1,000	248,660,346	0.00%
The Mangalore Stock Exchange Ltd. ....	-	248,660,346	-
The Delhi Stock Exchange Association Ltd. ....	3,975	248,660,346	0.00%
The Stock Exchange Ahmedabad .....	2,892,895	248,660,346	2.33%
The Pune Stock Exchange .....	-	248,660,346	-

Source: Official data obtained from the stock exchanges.

As the annualised trading turnover on BSE and NSE is more than 5% of the total number of listed shares, the shares of L&T are deemed to be frequently traded on both these exchanges as per the explanation to Regulation 20(5) of the Regulations, with NSE being the exchange where the shares are most frequently traded.

The weekly high and low of the closing prices of the shares, during the 26-week period preceding the date of Public Announcement are given below:

		<b>National Stock Exchange</b>			
		<b>Weekly Closing Price (Rs.)</b>			
<b>Week Ending</b>		<b>High (Rs.)</b>	<b>Low (Rs.)</b>	<b>Average (Rs.)</b>	<b>Volume (shares)</b>
1	April 19, 02	171.45	169.20	170.33	4,461,845
2	April 26, 02	170.80	167.00	168.90	4,922,308
3	May 03, 02	173.95	170.65	172.30	3,220,239
4	May 10, 02	182.35	172.60	177.48	4,405,252
5	May 17, 02	188.75	178.00	183.38	4,111,581
6	May 24, 02	176.50	169.45	172.98	2,552,189
7	May 31, 02	177.70	173.00	175.35	3,618,659
8	June 7, 02	174.50	173.00	173.75	3,051,415
9	June 14, 02	182.75	173.00	177.88	5,494,682
10	June 21, 02	179.00	175.70	177.35	2,990,962
11	June 28, 02	179.40	175.10	177.25	3,303,614
12	July 5, 02	182.40	179.65	181.03	2,372,162
13	July 12, 02	183.55	180.70	182.13	1,917,398
14	July 19, 02	181.05	178.95	180.00	2,485,465
15	July 26, 02	168.70	163.20	165.95	4,049,632
16	August 2, 02	161.40	157.30	159.35	1,508,810
17	August 9, 02	165.90	163.15	164.53	2,098,817
18	August 16, 02	170.60	166.80	168.70	1,529,26
19	August 23, 02	179.70	171.50	175.60	4,533,748
20	August 30, 02	187.05	183.65	185.35	7,873,481
21	September 6, 02	182.90	179.95	181.43	2,809,623
22	September 13, 02	181.70	179.95	180.83	1,250,003
23	September 20, 02	182.20	181.05	181.63	1,327,57
24	September 27, 02	181.65	169.90	175.78	2,646,493
25	October 4, 02	168.25	167.00	167.63	1,319,180
26	October 11, 02	172.10	170.55	171.33	1,760,147
<b>Average of 26 weeks</b>				<b>174.93</b>	

The daily high and low of traded prices of L&T, during the 2 week period preceding the date of Public Announcement are given below:

		<b>National Stock Exchange</b>			
<b>Day</b>		<b>High Price (Rs.)</b>	<b>Low Price (Rs.)</b>	<b>Average (Rs.)</b>	<b>Volume (shares)</b>
1	September 30, 02	170.80	167.05	168.93	615,712
2	October 1, 02	168.20	165.25	166.73	212,494
3	October 3, 02	169.70	167.20	168.45	279,567
4	October 4, 02	169.30	167.50	168.40	211,407
5	October 7, 02	171.20	168.30	169.75	306,166
6	October 8, 02	171.85	170.55	171.20	520,374
7	October 9, 02	173.20	171.05	172.13	436,154
8	October 10, 02	174.00	170.35	172.18	188,645
9	October 11, 02	174.45	171.50	172.98	308,808
<b>Average</b>				<b>170.08</b>	

The Offer Price is justified in accordance with the Regulation 20(4) of the Regulations as follows:

- Acquirer has not acquired any equity shares of L&T under any agreement referred to in Regulation 14(1)
- In the 26 weeks preceding the date of the Public Announcement. Acquirer has acquired equity shares of L&T through open market purchases on the floor of the stock exchanges at the highest price and average price of Rs. 188.15 and Rs. 176.75, respectively.
- In the 26 weeks preceding the date of Public Announcement, Acquirer has not acquired any equity shares of L&T by way of allotment in a public or rights issue or preferential allotment.

- The average of weekly high and low of closing prices for the shares of L&T, during the 26 week period preceding the date of the Public Announcement on NSE, the exchange where the shares are most frequently traded is Rs. 174.93 as tabulated above.
- The average of daily high and low prices for the shares of L&T, during the 2 week period preceding the date of the Public Announcement on NSE, the exchange where the shares are most frequently traded, is Rs. 170.08 as tabulated above.
- Hence the Offer Price of Rs. 190/- represents approximately 1% premium to the highest price paid by Acquirer for acquiring shares of L&T during the last 26-weeks as mentioned above.

Further:

The shares of L&T are deemed to be infrequently traded on The Calcutta Stock Exchange Association Limited, Bangalore Stock Exchange Limited, The Mangalore Stock Exchange Limited, The Delhi Stock Exchange Association Limited, The Stock Exchange Ahmedabad and The Pune Stock Exchange Limited. Hence, in terms of Regulation 20(5) of the Regulations, the Offer Price is justified as follows:

- Acquirer has not acquired any equity shares of L&T under any agreement referred to in Regulation 14(1)
- In the 26 weeks preceding the date of the Public Announcement, Acquirer has acquired equity shares of L&T through open market purchases on the floor of the stock exchanges at the highest price and average price of Rs. 188.15 and Rs. 176.75, respectively.
- In the 26 weeks preceding the date of Public Announcement, Acquirer have not acquired any equity shares of L&T by way of allotment in a public or rights issue or preferential allotment.
- Other parameters based on the audited financials for the FY ended March 31, 2002 are as under:
 

Return on Networth (%) .....	9.45
Book Value (Rs.) .....	134.46
Earning Per Share (Rs.) .....	13.95
P/E Multiple (based on Offer Price) .....	13.62
Trailing Twelve Months Industry Average P/E Multiple for Diversified Mega Industry (Source: Capital Markets Vol. XVII/16 Oct. 27, 2002) .....	13.00

There is no non-compete agreement between Acquirer and L&T.

Thus, the Offer Price is in full compliance with and is justified in terms of Regulation 20 of the Regulations.

Without prejudice to the justification of the price given above, the following additional disclosures are made hereunder:

- (1) (a) On November 18, 2001, Grasim acquired 25,000,000 Equity Shares aggregating 10.05% of the paid-up and Voting Capital of L&T from Reliance at a price of Rs. 306.60 per share. This price of Rs. 306.60 per fully paid-up share was at a premium to the then existing market price (which was around Rs. 208.50 per share on BSE on November 15, 2001). Certain terms of the share purchase agreement with Reliance and rationale for premium to market price paid are also disclosed in para 2(A).
- (b) Further, the price of Rs.306.60 was paid to acquire a large lot of shares through a single transaction, where the seller agreed to exit its entire shareholding in L&T and withdrew its nominees from the Board of L&T. For this reason too, the price of Rs. 306.60 will not have any application to the current Offer Price.
- (c) Regulation 20 contemplates that the highest price paid for any acquisition made in the 26-weeks preceding the date of the Public Announcement shall be considered for determining the Offer Price. As the price of Rs. 306.60 was paid much prior to the applicable period of 26-weeks from the date of Public Announcement, the said price of Rs. 306.60 is not applicable.
- (2) (a) With reference to the alternative proposal submitted by Grasim to L&T for demerger of latter's cement business, it may firstly be noted that the making of the proposal is an event subsequent to the Public Announcement and has no bearing on the Open Offer or the pricing of such offer. That apart, the Regulations do not contemplate considering a mere proposal, which by its very nature, is uncertain, and which may only become relevant if the uncertain event materialises. Hence the indicative values for the proposed new cement company and the remaining business of L&T as stated in the proposal cannot be considered in terms of the Regulation 20 of the Regulations while arriving at the Offer Price.
- (b) Further, considering the facts and circumstances of the matter it is not appropriate to aggregate the indicative values of two different entities, which could emerge after the demerger of L&T and which is also contingent upon happening of several events. The current offer is for the shares of L&T as it exists today and cannot be compared with the indicative valuation and offer of Rs. 130 per share for the demerged cement company. Further, the proposal to offer Rs. 130 per share of the demerged cement company would be made with the intention to seek control thereof, whereas the present offer for acquisition of equity shares of L&T as it exists today at Rs. 190 per equity share does not envisage any change of existing control. The valuation indicated in the alternate proposal can at best be said to indicate potential contingent value, which is dependent upon crystallisation of series of events and cannot be regarded as value of the shares of an existing company.

The cumulative price of Rs. 292.50 worked out as a mere arithmetic summation of value of two independent demerged entities which may emerge at a future date, subject to conditions explained above, is only hypothetical. Such an aggregation is theoretical and it will be incorrect to add the value of such two demerged entities to arrive at the value of the existing parent company. Hence, the price of Rs. 292.50 is also not relevant for the purpose of current Open Offer.

In the circumstances explained above, the Offer Price of Rs. 190/- per equity share is in full compliance with Regulation 20 of the Regulations and is justified.

Acquirer shall not acquire during the Offer Period, any shares in L&T except in compliance with the Regulations and the details of such acquisitions shall be disclosed to the stock exchanges and to the Manager within 24 hours thereof in terms of the Regulation 22(17). No acquisition will be made by Acquirer in the open market during the last seven working days prior to the Offer Closing Date. If Acquirer acquires shares in the open market or through negotiation or otherwise, after the date of Public Announcement at a price higher than the Offer Price, then the highest price paid for such acquisition shall be payable for all acceptances received under the Offer.



## 7. FINANCIAL ARRANGEMENT

The maximum purchase consideration payable by Acquirer in the case of full acceptance of the Offer will be of the order of Rs. 9,648.57 million. This would be funded by Acquirer through their internal resources and/or borrowings. Grasim may provide guarantee/similar assurances/support to enable Samruddhi to make necessary financial arrangement to fulfil its obligation under this Offer. In accordance with the provisions of Regulation 28 of the Regulations, Grasim has created a lien/charge on Mutual funds units in cash and liquid schemes, valued at Rs. 1,175 million as on the date of this Public Announcement in favour of Manager to the Offer. The details of these units are as follows:

Name	Quantity	Purchase Amount / Face Value <sup>1</sup> Rs. million	Net Asset Value per Unit <sup>1</sup> Rs.	Total Net Asset Value <sup>1</sup> Rs. million
Birla Bond Plus- Growth .....	48,167,103	517.0	10.76	518.3
DSPML Short Term Plan- Growth .....	6,832,266	68.5	10.08	68.9
HDFC Short Term Plan- Growth .....	26,803,572	280.7	10.56	282.9
Pruicici Short Term Plan- Growth .....	15,571,351	168.3	10.90	169.7
Templeton India Short Term Income Plan- Growth .....	132,026	140.1	1,064.14	140.5
<b>Total .....</b>		<b>1,174.6</b>		<b>1,180.2</b>

<sup>1</sup> As on the date of creation of Escrow. The Net Asset Value as on April 24, 2003 was Rs. 1,225.80 million

Grasim has undertaken to maintain the value of Rs. 1,175 million in the form of units of Mutual Funds or other marketable securities for the purpose of Escrow requirement at all times under Regulation 28 of the Regulations. Grasim has empowered the Manager to realise the value of such securities by sale or otherwise as provided by the Regulations, and in case there is any deficit on realisation of the value of the securities, the same shall be made good by the Manager.

Grasim has also made a cash deposit of Rs. 104.50 million (being more than 1% of the purchase consideration payable under this Offer) in an Escrow Account with HDFC Bank Limited, located at Manekji Wadia Building, N M Marg, Fort, Mumbai 400 023 with a lien which has been granted in favour of the Manager to the Offer and has empowered the Manager to realise the value of the Escrow Account under the Regulations.

In spite of the increase in the Offer Size, no increase in the aforesaid escrow arrangements is required since the same is adequate to meet the requirements of Regulation 28 of the Regulations. However in view of the delay/revision in the Offer schedule, the validity of the Escrow arrangements have been extended upto October 14, 2003.

Grasim's statutory auditor, G.P. Kapadia & Co. (Hamam House, Ambalal Doshi Marg, Mumbai 400 001; Phone: +91 22 265 4239, 265 4298, 265 4313; Fax: +91 22 265 4256; acting through Partner, Mr. Atul B. Desai, membership no. 30850) have, vide certificates dated October 13, 2002 and April 23, 2003, confirmed that sufficient resources are available to allow Acquirer to fulfil its obligations in full under the Offer and on this basis the Manager to the Offer confirms that they have satisfied themselves that sufficient resources are available to allow Acquirer to fulfill their obligations in full under the Offer in accordance with the Regulations.

## 8. TERMS AND CONDITIONS OF THE OFFER

- The Offer to the shareholders of L&T is being made pursuant to Regulation 10 read with Regulation 14(1) of the Regulations for the purpose of substantial acquisition of shares without change in control.
- Acquirer have made the Public Announcement on October 14, 2002 for the Offer. This Offer is made to all the public shareholders of L&T. However, the Letter of Offer is being mailed to those shareholders whose names appear on the Register of Members of L&T at the close of business on the Specified Date.
- The acceptance of the Offer made by Acquirer is entirely at the discretion of the equity shareholders of L&T and each shareholder of L&T to whom this Offer is being made, is free to offer his shareholding in L&T, in whole or in part while accepting the Offer.
- Any shares that are the subject matter of litigation wherein the shareholder(s) may be precluded from transferring the shares during the pendency of the said litigation are liable to be rejected in case directions/orders regarding these shares are not received together with the shares tendered under the Offer. The Letter of Offer in some of these cases, wherever possible, would be forwarded to the concerned statutory authorities for further action at their end.**
- The Offer will open on May 07, 2003 and close on June 05, 2003 (both days inclusive).
- Accidental omission to dispatch this Letter of Offer or any further communication to any person to whom this Letter of Offer is made or the non-receipt of this Letter of Offer by any such person shall not invalidate the Offer in any way.
- The instructions, authorisations and provisions contained in the Form of Acceptance and Form of Withdrawal constitute an integral part of the terms of this Offer.
- The acceptance of the Offer must be unconditional and should be sent in the attached Form of Acceptance along with the other documents duly filled in and signed by the applicant shareholder(s) which should be received by the Registrar to the Offer at the collection centre mentioned in paragraph 9(f) under "Procedure for Acceptance and Settlement" on or before June 05, 2003. If any change or modification is made in the Form of Acceptance, the same is liable to be rejected.
- While tendering shares under the Offer, NRIs/OCBs/foreign shareholders will be required to submit the previous RBI approvals (specific or general) that they would have obtained for acquiring shares of L&T and a No Objection Certificate/Tax Clearance Certificate, indicating the amount of tax to be deducted by Acquirer before remitting the consideration, from the Income-**

**Tax authorities under the Income-tax Act, 1961. In case the previous RBI approvals are not submitted, Acquirer reserves the right to reject the shares. In case the aforesaid No Objection Certificate/Tax Clearance Certificate is not submitted, Acquirer will arrange to deduct tax at the maximum marginal rate as may be applicable to the category of the shareholder, on the entire consideration amount payable to such shareholder.**

- (j) The Offer is subject to Acquirer obtaining the approval of RBI under FEMA, for acquiring and transferring the equity shares of non-resident shareholders tendered in this Offer. The application to RBI would be made after closure of the Offer.
- (k) As of the date of this Letter of Offer, there are no further statutory approvals envisaged to implement the Offer other than those indicated above. If any other statutory approvals become applicable, the Offer would be subject to such statutory approvals. Acquirer will not proceed with the Offer in the event that such statutory approvals are not obtained.
- (l) In case of delay in receipt of any statutory approval, SEBI has the power to grant an extension of the time required for payment under the Offer subject to Acquirer agreeing to pay interest in accordance with Regulation 22(12) of the Regulations. If the delay occurs due to the willful default of Acquirer in obtaining the requisite approvals, Regulation 22(13) of the Regulations will become applicable.
- (m) In case RBI approval for acquisition of shares from non-resident shareholders is unduly delayed, Acquirer reserves the right to proceed with payment to the resident shareholders whose shares have been accepted by Acquirer in terms of this Offer, pending payment to the non-resident shareholders, subject to the entire amount payable to non-resident shareholders being kept in an Escrow Account whose value can be realised by the Manager as per the Regulations.
- (n) Acquirer will not be responsible in any manner for any loss of equity share certificate(s) and offer acceptance documents during transit and the equity shareholders of L&T are advised to adequately safeguard their interest in this regard.
- (o) As already mentioned elsewhere in this Letter of Offer, the Offer is not subject to any minimum level of acceptance and Acquirer will acquire all the fully paid-up equity shares of L&T that are tendered in valid form in terms of this Offer up to a maximum of 50,781,973 equity shares. Thus, Acquirer will proceed with the Offer even if it is unable to obtain acceptance to the full extent of the Equity Shares of L&T for which this Offer is made.
- (p) Shares that are subject to any charge, lien or encumbrance are liable to be rejected.
- (q) Acquirer reserve the right of upward revision of price at any time upto seven working days prior to the closure of the Offer, as per Regulation 26 of the Regulations. If there is any upward revision in the Offer Price before the last date of revision (i.e. May 27, 2003), the same would be informed by way of Public Announcement in the newspapers mentioned in para 2 of this Letter of Offer. Such revised Offer Price would be payable to all shareholders who tender their shares at any time during the Offer and which are accepted under the Offer.
- (r) The Shareholders holding shares in physical form, who have sent their shares for dematerialisation, need to ensure that the process of getting the equity shares dematerialised is completed well in time. If credit of any shares is not received in the Depository Escrow Account on or before the date of closure of the Offer, i.e. June 05, 2003. The Acquirer shall not accept such shares and shall not make payment for the same.
- (s) If the aggregate of the valid responses to the Offer exceeds Offer Size, then the Acquirer shall accept the valid applications received on a proportionate basis in accordance with Regulation 21(6) of the Regulations. The equity shares of L&T are in compulsory dematerialised form and the minimum marketable lot is one equity share.

## **9. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT**

- (a) Shareholders of L&T, who wish to avail this Offer should forward the under mentioned documents by hand delivery or by registered post to the Registrar to the Offer at their office at MCS Limited, Sri Venkatesh Bhavan, Plot No. 27, Road No.11, M.I.D.C., Andheri (East), Mumbai - 400 093, India (Tel: (+91 22) 2821 5235, Fax: (+91 22) 2835 0456, Email: mcsnum@vsnl.com, Contact Person: Mr. Ashok Gupta), or by hand delivery only at the collection centres given below so as to reach the Registrars on or before June 05, 2003 (the Offer Closure Date) on their working days during business hours indicated in sub-para (f) below. In the case of demat shares, the Registrar is not bound to accept equity shares which have not yet been credited to the Escrow Depository Participant (DP) as on the date of closure of the Offer, i.e. June 05, 2003.

### **For equity shares held in physical form**

- Form of Acceptance duly completed and signed in accordance with the instructions contained therein, by sole/all shareholders whose names appear on the share certificates (in case of joint holdings) in the same order in which their names appear in the Register of Members.
- Original Share Certificate(s).
- Valid Share Transfer deed(s) duly signed as transferors by all shareholders (in case of joint holdings) in the same order and as per specimen signatures lodged with L&T and duly witnessed at the appropriate place by a Notary or Bank Manager or Member of Stock Exchange under their seal of office and membership number. The Transfer Deed should be left blank, excepting the signatures as mentioned above.
- Documents mentioned in para 9(d), for NRI/OCB/FII shareholders.

### **For equity shares held in demat form**

- Form of Acceptance duly completed and signed in accordance with the instructions contained therein, by sole/all shareholders whose names appear (in case of joint holdings) in the same order in which their names appear in their beneficiary account. The Form of Acceptance has to be tendered by the beneficial holder of shares only.

- A photocopy of the Delivery Instruction Slip duly acknowledged by the DP filled as per the instructions given hereunder:
  - The Beneficial Owners who hold shares in demat form are required to execute a trade by tendering the Delivery Instruction for debiting their Beneficiary Account with the concerned DP and crediting the above-mentioned account. The credit in the Depository Escrow Account should be received on or before the date of closure of the Offer, i.e. June 05, 2003.
  - The Delivery Instructions to be given to the DP should be in "For Off Market Trade" mode only. For each Delivery Instruction the Beneficial Owner should submit a separate Form of Acceptance.
- Registrar to the Offer has opened a Depository Account (hereinafter referred to as "Depository Escrow Account") with National Securities Depository Ltd. (NSDL) named as "MCS Limited – L&T Escrow Account" as per details given below:

**Depository Participant Name: HDFC Bank Limited**

Client ID Number: 40131339

DP ID Number: IN300476

Shareholders having their beneficiary account in CDSL have to use inter-depository delivery instruction slip for the purpose of crediting their shares in favour of the special depository account with NSDL.

- Documents mentioned in para 9(d), for NRI/OCB/FII shareholders
- In case of non-receipt of the aforesaid documents, but receipt of the shares in the Depository Escrow Account, the Offer shall be deemed to be accepted.
- Shareholders should ensure that the credit for the delivered shares should be received in the Depository Escrow Account on or before the Closure of the Offer (i.e. June 05, 2003).

#### For GDR holders

The holders of the GDRs who wish to avail of this Offer should request withdrawal of the equity share/(s) from the depository in terms of the issuance of the GDRs. Holders of GDRs who wish to tender the equity shares underlying such GDRs, should also request the depository to instruct the custodian to deliver the equity share certificate accompanied by an instrument of transfer duly executed in blank in respect of such share certificate to the Registrar to the Offer. In case the equity shares underlying the GDRs are transferred in dematerialised form then the GDR holders should follow the procedure for tender of equity shares as indicated in para titled as "For equity shares held in demat form" above. Other terms of the Offer would apply *mutatis mutandis* to GDR holders as well.

**THE ABOVE DOCUMENTS SHOULD NOT BE SENT TO ACQUIRER OR TO L&T OR TO THE MANAGER TO THE OFFER. THE SAME SHOULD BE SENT TO THE REGISTRAR TO THE OFFER ONLY AT COLLECTION CENTRES GIVEN BELOW.**

- (b) All Eligible Persons can participate in the Offer. Unregistered owners can send their application in writing to the Registrar to the Offer. They are required to submit, besides the documents as mentioned above, other documents to prove their title to the shares offered for acceptance, such as original brokers contract note, transfer deed(s) executed by the registered holders of the shares in addition to the Form of Acceptance and share certificate(s). No indemnity is required from unregistered shareholders. Unregistered owners, if they so desire, may also apply on the Form of Acceptance downloaded from SEBI's website ([www.sebi.gov.in](http://www.sebi.gov.in)). Notwithstanding that the signature(s) of the transferor(s) have been witnessed as aforesaid, if the signature(s) of the transferor(s) differs from the specimen signature(s) recorded with L&T or are not in the same order, such shares are liable to be rejected under this Offer even if the Offer has been accepted by a *bona fide* owner of such shares.
- (c) In case of non-receipt of the Letter of Offer, eligible persons may send their acceptance to the Registrar to the Offer, on a plain paper stating the Name, Address, No. of shares held, Distinctive Nos., Folio No., No. of shares offered, along with documents as mentioned above, so as to reach the Registrar to the Offer on or before the close of the Offer. No indemnity is required in this regard. Shareholders who have lodged their shares for transfer with L&T must also send the acknowledgement, if any, received from the L&T towards such lodging of shares.
- (d) **While tendering shares under the Offer, NRIs/OCBs/foreign shareholders will be required to submit the previous RBI approvals (specific or general) that they would have obtained for acquiring shares of L&T and a No Objection Certificate/Tax Clearance Certificate, indicating the amount of tax to be deducted by Acquirer before remitting the consideration, from the Income-Tax authorities under the Income-tax Act, 1961. In case the previous RBI approvals are not submitted, Acquirer reserve the right to reject the shares. In case the aforesaid No Objection Certificate/Tax Clearance Certificate is not submitted, Acquirer will arrange to deduct tax at the maximum marginal rate as may be applicable to the category of the shareholder, on the entire consideration amount payable to such shareholder.**
- (e) The shareholders should also provide all relevant documents, which are necessary to ensure transferability of the shares in respect of which the application is being sent. Such documents may include, but are not limited to:
  - i) duly attested death certificate and succession certificate (in case of single shareholder) if the original shareholder is deceased;
  - ii) duly attested Power of Attorney if any person apart from the shareholder has signed the application form and/or transfer deed(s);
  - iii) no objection certificates from the chargeholder/lender, if the shares in respect of which the application is sent, are under any charge, lien or encumbrance;
  - iv) in case of companies, the necessary corporate authorisation (including Board Resolutions);
  - v) any other relevant documentation.

(f) The documents referred to above should be sent to any of the following collection centres:

<b>Name &amp; Address of the Collection Centre</b>	<b>Contact Person</b>	<b>Mode of Delivery</b>	<b>Telephone No(s).</b>	<b>Fax No(s).</b>
<b>Ahmedabad</b> MCS Limited 101, Shatdal Complex, 1st Floor Opp Bata Showroom Ashram Road, Ahmedabad 380 009	Mr. Hari Singh	Hand Delivery	079 26582878	079 26584027
<b>Baroda/Vadodara</b> MCS Limited Neelam Apartments, 88, Sampatrao Colony B/H Federation Building Alkapuri, Baroda 390 007	Mr. J P Mehta	Hand Delivery	0265 22339397	0265 22341639
<b>Kolkata</b> MCS Limited 77-2A, Hazra Road 3rd & 5th Floor, Kolkata 700 029	Mr. S.K. Jhanwar	Hand Delivery	033 24767350	033 24747674
<b>Mumbai (Andheri)</b> MCS Limited Sri Venkatesh Bhavan Plot No.27, Road No.11, MIDC Area Andheri East, Mumbai 400 093	Mr. Ashok Gupta	Registered Post or Hand Delivery	022 28215235	022 28350456
<b>Mumbai (Fort)</b> MCS Limited C/o Ghia Textile Products Co. Agra Building, 1st Floor, Room 5 Above Bank of Baroda University Branch, 121, M G Road Fort, Mumbai 400 001	Mr. Rajendra G	Hand Delivery	022 22691266	022 2691567
<b>New Delhi</b> MCS Limited Sri Venkatesh Bhavan 212-A, Shahpurjat, New Delhi 110 049	Mr. D C Verma	Hand Delivery	011 26491784	011 26494152
<b>Pune</b> MCS Limited 116/118, Akshay Complex Off Dhole Patil Road Near Ganesh Mandir, Pune 411 001	Mr. Rajeev Joshi	Hand Delivery	020 6129597	020 6129597
<b>Chennai</b> MCS Limited New No.118 Old No.59, 1st Floor, Moore Street, George Town, Chennai 600 001	Mr. N Swaminathan	Hand Delivery	044 25240121	044 25223306

Timings - Mondays to Fridays between 10.00 am to 1.00 pm & 2.00 pm to 4.00 pm

Saturdays between 10.00 am to 1.00 pm

Holiday: Sundays and Bank Holidays

Applicants may send their documents only by Registered Post, at their own risk, if not hand delivered, to the Registrar at MCS Limited, Sri Venkatesh Bhavan, Plot No. 27, Road No.11, M.I.D.C., Andheri (East), Mumbai - 400 093, India (Tel: (+91 22) 2821 5235, Fax: (+91 22) 2835 0456, Email: mcsnum@vsnl.com, Contact Person: Mr. Ashok Gupta) during business hours indicated above, other than on holidays.

- (g) Payment of consideration will be made by crossed account payee cheques/demand drafts and sent by registered post and/or courier in case of consideration amount exceeding Rs.1,500/- (Under Certificate of Posting otherwise) to those shareholders whose share certificates and other documents are found in order and accepted by Acquirer. All cheques/demand drafts will be drawn in the name of the first holder, in case of joint registered holders.
- (h) In case of physical shares, the Registrar to the Offer will hold in trust the share certificates, Form of Acceptance duly filled in and the transfer deed/s on behalf of shareholders of L&T who have accepted the Offer, till the cheques/drafts for the consideration and/or the share certificates are posted.
- (i) In case of dematerialised shares, the shares would reside in the Depository Escrow Account as mentioned above. The Registrar to the Offer will debit the Depository Escrow Account to the extent of payment of consideration made by Acquirer and give instructions for credit of the beneficial account of Acquirer.
- (j) Barring unforeseen circumstances and factors beyond their control, Acquirer intends to complete all formalities pertaining to the purchase of the shares, including payment of consideration to the shareholders who have accepted the Offer by July 05, 2003.
- (k) In case of physical shares, to the extent the equity shares are not accepted under the Offer, the rejected Share Certificates, transfer deeds and other documents, if any, will be returned by registered post by the Registrar to the Offer to the shareholders/unregistered owners. For the physical shares accepted under the Offer, the Registrar shall take action for transferring the shares to Acquirer after the consideration cheques are released to the shareholders concerned.

- (l) The Equity Shares held in dematerialised form to the extent not accepted under the Offer will be released to the Beneficial Owner's Depository Account with the respective DP as per details furnished by the Beneficial Owner in the Form of Acceptance, at the sole risk of the Beneficial Owner. An intimation to that effect will be sent to the Beneficial Owner by Ordinary Post. For the shares lying in the Depository Escrow Account, the Registrar shall take action for transferring the shares to Acquirer after the consideration cheques are released to the Beneficial Owners.
- (m) In terms of Regulation 22(5A) of the Regulations, shareholders desirous of withdrawing their acceptances tendered in the Offer, can do so up to three working days prior to the date of Closure of the Offer. The withdrawal option can be exercised by submitting the document as per the instruction below, so as to reach the Registrar to the Offer at any of the collection centres mentioned above as per the mode of delivery indicated therein on or before June 02, 2003.
- The withdrawal option can be exercised by submitting the Form of Withdrawal as enclosed herewith.
  - The shareholders are advised to ensure that the Form of Withdrawal should reach the Registrar to the Offer at any of the collection centres mentioned in the Letter of Offer or above as per the mode of delivery indicated therein on or before the last date of withdrawal.
  - **Shareholders should enclose the following:-**  
For Equity Shares held in demat form:-  
 Beneficial owners should enclose:
    - Duly signed and completed Form of Withdrawal.
    - Copy of the Form of Acceptance-cum-Acknowledgement/Plain paper application submitted and the Acknowledgement slip.
    - Photocopy of the delivery instruction slip in "Off-market" mode or counterfoil of the delivery instruction slip in "Off-market" mode, duly acknowledged by the DP.For Equity Shares held in physical form:-  
 Registered Shareholders should enclose:
    - Duly signed and completed Form of Withdrawal.
    - Copy of the Form of Acceptance-cum-Acknowledgement/Plain paper application submitted and the Acknowledgement slip.
    - In case of partial withdrawal, Valid Share Transfer form(s) duly signed as transferors by all registered shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with L&T and duly witnessed at the appropriate place.
 Unregistered owners should enclose:
    - Duly signed and completed Form of Withdrawal.
    - Copy of the Form of Acceptance-cum-Acknowledgement/Plain paper application submitted and the Acknowledgement slip.
- The withdrawal of Shares will be available only for the Share certificates / Shares that have been received by the Registrar to the Offer or credited to the Special Depository Escrow Account.
  - The intimation of returned shares to the Shareholders will be sent at the address as per the records of L&T / Depository as the case may be.
  - **The Form of Withdrawal alongwith enclosure should be sent only to the Registrar to the Offer only.**
  - In case of partial withdrawal of Shares tendered in physical form, if the original share certificates are required to be split, the same will be returned on receipt of share certificates from L&T. **The facility of partial withdrawal is available only on to Registered shareholders.**
  - Shareholders holding Shares in dematerialised form are requested to issue the necessary standing instruction for receipt of the credit in their DP account.
  - In case of non-receipt of the Form of Withdrawal, the withdrawal option can be exercised by making an application on plain paper along with the following details:
    - In case of physical shares: Name, Address, Distinctive Nos., Certificate Nos., Folio Number, Number of Shares tendered
    - In case of dematerialised shares: Name, Address, Number of Shares tendered, DP name, DP ID, beneficiary account number and a photocopy of delivery instructions slip in "off market" mode or counterfoil of the delivery instruction slip in "off market" mode, duly acknowledged by the DP, in favour of the special depository account.
10. (a) SEBI has initiated enquiry proceedings against M/s J M Morgan Stanley Pvt. Ltd., Merchant Banker, to this Offer, for non-disclosure of certain material information in the Public Announcement alleging violation of Reg. 16(ix), (xix), 24(4) and 25(5) of the Regulations read with Rule 4(d) of SEBI (Merchant Bankers) Regulations, 1992 and Code of Conduct prescribed under Regulation 13 of SEBI (Merchant Bankers) Regulations, 1992.
- (b) Delay in making public announcement:  
 SEBI vide letter dated November 8, 2002 advised the Merchant Banker, *inter-alia*, not to proceed with the Offer and to make the public announcement in this regard. However, the public announcement was made on November 21, 2002. As regards the delay SEBI has advised the Acquirer and the Merchant Banker to ensure that such communication as and when received from SEBI is made known to the public/stock exchanges immediately without any delay. Any negligence on the part of the Acquirer and Merchant Banker would be viewed seriously and appropriate action would be initiated against the Acquirer and Merchant Banker in terms of the provisions of the Regulations and SEBI Act, 1992.

## 11. DOCUMENTS FOR INSPECTION

The following documents will be available for inspection to the shareholders of L&T at the Registered Office of Grasim, whose address is given on the cover page of this document, between 10 a.m. and 1 p.m. on all working days except Saturdays till the Offer Closing Date (i.e. June 05, 2003):

1. Certificate of incorporation, Memorandum and Articles of Association of Grasim and Samruddhi.
2. Certificate of incorporation, Memorandum and Articles of Association of L&T.
3. Certificate dated October 13, 2002 and April 23, 2003 by G.P.Kapadia & Co. regarding the adequacy of financial resources with Acquirer to fulfill the Offer obligations.
4. Audited accounts of L&T for last three years.
5. Audited accounts of Grasim for last three years.
6. Audited accounts of Samruddhi for last three years.
7. Escrow Agreement and the supplemental Escrow Agreement entered amongst Grasim, HDFC Bank Limited and JM Morgan Stanley Private Limited
8. Copy of documents entered into with concerned Mutual Funds for creation of pledge over securities (Units of Mutual Fund) in favour of the Manager to the Offer.
9. Copies of Board Resolutions dated October 13, 2002 of Grasim and Samruddhi for augmenting the shareholding in L&T. Copy of the subsequent Board resolution from Samruddhi for increasing the Offer Size.
10. Copy of preliminary observations received from SEBI, Ref. Nos. TO/AT/4910/03 dated March 05, 2003, in terms of proviso to Regulation 18(2) and copy of comments received from SEBI, Ref. Nos. TO/AT/7745/03 dated April 22, 2003, in terms of proviso to Regulation 18(2).
11. Copy of Public Announcement made on October 14, 2002 by Acquirer and subsequent announcements made by Acquirer on November 21, 2002, November 30, 2002, March 07, 2003 and April 24, 2003.
12. Data from NSE containing the share price and volume.
13. Copy of the documents entered into with Depository participant for opening a Depository Escrow Account for the purpose of the Offer.
14. SEBI's letter No. IES/SR/SS/4297/03 dated February 25, 2003 addressed to Grasim conveying its findings of the investigation and Grasim's reply to the same vide letters dated February 28, 2003 and March 03, 2003.
15. Copies of the Letters dated October 18, 2002, April 07, 2003, April 16, 2003 and April 25, 2003 received from L&T providing L&T related information.
16. Copy of the Share Purchase Agreement dated November 18, 2003 between Reliance and Grasim.
17. Copy of the alternate demerger proposal submitted by Grasim for consideration of Board of Directors of L&T.

## 12. RESPONSIBILITY STATEMENT

The Boards of Grasim and Samruddhi accept full responsibility for the information contained in this Letter of Offer, Form of Acceptance and Form of Withdrawal and also for the respective obligations of Acquirer, as laid down in the Regulations and any subsequent amendments made thereto. Grasim and Samruddhi are severally and jointly responsible for ensuring compliance with the Regulations. All information contained in this document is as on the date of the Public Announcement, unless stated otherwise. Mr. D D Rathi and Mr. Sanjeev Bafna have been authorised by the Board of Directors of Grasim and Samruddhi, respectively, to sign the Letter of Offer.

By the Order of the Board,

For

**Grasim Industries Limited**

sd/-

**D D Rathi**

*Group Executive President and CFO*

**Samruddhi Swastik Trading and Investments Limited**

sd/-

**Sanjeev Bafna**

*Director*

Place : Mumbai  
Date : April 28, 2003

Attached : **Form of Withdrawal**  
**Form of Acceptance-cum-Acknowledgement**

PLEASE READ PARA 9(m) OF THIS LETTER OF OFFER TITLED THE "PROCEDURE FOR THE ACCEPTANCE AND SETTLEMENT" BEFORE FILLING THIS FORM

## FORM OF WITHDRAWAL

To,  
Grasim Industries Limited /  
Samruddhi Swastik Trading and Investments Limited  
Birlagram, Nagda,  
Madhya Pradesh, India  
Letter of Offer dated

### OFFER

Opens on	May 07, 2003
Closes on	June 05, 2003
Last date of withdrawal	June 02, 2003

Dear Sir,

**Sub : Open Offer for the purchase of up to 50,781,973 fully paid-up equity shares of Rs 10 each, representing up to 20% of the Voting Capital of Larsen & Toubro Limited at a price of Rs 190 per share by Grasim Industries Limited and Samruddhi Swastik Trading and Investments Limited (together hereinafter referred to as the "Acquirer")**

I/We refer to the Letter of Offer dated April 28, 2003 for acquiring the Equity Shares held by me/us in **Larsen & Toubro Limited**.

I/We the undersigned, have read the Letter of Offer and accept unconditionally its contents including the terms and conditions and procedures as mentioned therein.

I/We have read the procedure for withdrawal of equity shares tendered by me/us in the Offer as mentioned in the para 9(m) of the Letters of Offer and unconditionally agree to the terms & condition mentioned therein.

I/We hereby consent unconditionally and irrevocably to withdraw my/our equity shares from the Offer and I/We further authorise the Acquirer to return to me/us, the tendered equity share certificate(s)/ share(s) at my/our sole risk.

I/We note that upon withdrawal of my/our equity shares from the Offer, no claim or liability shall lie against the Acquirer/Manager to the Offer/Registrar to the Offer.

I/We note that this Form of Withdrawal should reach the Registrar to the Offer at any of the collection centres mentioned in the Letter of Offer as per the mode of delivery indicated therein on or before the last date of withdrawal (i.e. June 02, 2003).

I/We note that the Acquirer/Manager to the Offer/Registrar to the Offer shall not be liable for any postal delay/loss in transit of the equity shares held in physical form and also for the non receipt of equity shares held in the dematerialised form in the DP account due to inaccurate/incomplete particulars/instructions.

I/ We also note and understand that the Acquirer will return Original Share Certificate(s), Share Transfer Deed(s) and equity shares only on completion of verification of the documents, signatures carried out by the Larsen & Toubro Limited and/ or their R & T Agents and beneficiary position data as available from the Depository from time to time, respectively.

The particulars of withdrawal of original shares certificates and duly signed transfer deed(s) are detailed below:

Ledger Folio No. \_\_\_\_\_ No. of Share Certificate(s) \_\_\_\_\_ No. of Equity Shares \_\_\_\_\_

Sr.No.	Certificate No.	Distinctive Nos.		No. of Equity Shares
		From	To	
	<b>Tendered</b>			
1				
2				
3				
	<b>Withdrawn</b>			
1				
2				
3				
	<b>Total</b>			

(In case of insufficient space, please use an additional sheet and authenticate the same)

TEAR HERE

FOLIO NO.

ACKNOWLEDGEMENT SLIP

SR. NO.

Grasim Industries Limited / Samruddhi Swastik Trading and Investments Limited  
Birlagram, Nagda, Madhya Pradesh, India

Received from Mr./Ms./M/s. \_\_\_\_\_

Form of Withdrawal dated \_\_\_\_\_ Number of Share Certificates for \_\_\_\_\_

Equity Shares /# Copy of Delivery instruction to (DP) for \_\_\_\_\_ Equity Shares.

Signature of Official and Date of Receipt	Stamp of collection centre

# Delete whichever is not applicable.

I/We hold the following equity shares in dematerialised Form and tendered the Equity Shares in the Offer and had done an off-market transaction for crediting the Shares to the "MCS LIMITED L&T ESCROW A/C" (Depository Escrow Account) as per the following particulars:-

DP Name – HDFC Bank Limited                      DP ID - 40131339                      Client ID – IN300476 .

Please find enclosed a photocopy of the Depository Delivery Instruction(s) duly acknowledged by DP.

The particulars of the account from which my/our Shares have been tendered are as detailed below :

DP Name	DP ID	Client ID	Name of Beneficiary	No. of Equity Shares

Address of First / Sole Shareholder : \_\_\_\_\_

Tel. No.: \_\_\_\_\_ Fax No. \_\_\_\_\_ E-mail : \_\_\_\_\_

I/We note that the equity shares will be credited back only to that Depository Account, from which the Equity Shares have been tendered and necessary standing instructions have been issued in this regard.

I/We confirm that the particulars given above are true and correct.

In case of dematerialised Shares, I/We confirm that the signatures of the beneficiary holders have been verified by the DP as per the records maintained at their end and the same have also been duly attested by them under their seal.

Yours faithfully,

Signed and delivered	FULL NAME(S)	SIGNATURE(S)	Verified and Attested by us. Please affix the stamp of DP (in case of demat Shares)/Bank (in case of physical Shares)
First/Sole Shareholder			
Second Shareholder			
Third Shareholder			
Fourth Shareholder			

Note : In case of joint holders all must sign. In case of body corporate, stamp of the company should be affixed and necessary Board resolution should be attached.

Place : \_\_\_\_\_ Date : \_\_\_\_\_

----- TEAR HERE -----

**Note : All future correspondence, if any, should be addressed to the Registrar to the Offer at the following address:**

**MCS Limited**  
 (Unit : L&T– Open Offer)  
 Sri Venkatesh Bhavan, Plot No. 27, Road No.11,  
 M.I.D.C Andheri (East), Mumbai- 400093, India  
 Phone: +91 22 2821 5235; Fax: +91 22 2835 0456;  
 Email: mcsnum@vsnl.com